

# NATION'S BUSINESS



*Distribution—page 11*

JULY  
1938

**Congress Rediscovered Its Backbone • Cutting the Red Tape Off Income  
Tax Appeals • An Interview with Homer S. Cummings**





**WHEN HE MODERNIZED  
HIS OFFICE,  
HE MODERNIZED  
COMMUNICATION  
METHODS TOO**

A modern setting, alone, doesn't make a business modern. Impressive as atmosphere may be to visitors, up-to-the-minute communication is just as important: to the executive, the salesman, the factory foreman, the warehouse manager, the shipping clerk, the *customer*.

Within *your* business may exist opportunities for stepping up efficiency and making economies through modern communication methods. Why not go into it with a Bell System representative? Many other businesses have found such a joint survey highly profitable.

A meat packer, for example, found that by installing Private Line Teletypewriter Service, the average order-handling time between headquarters and distant sales offices was cut in half, and four operations were eliminated. *Your* check-up may lead to even greater savings. It costs nothing to find out. Just call your local telephone office. Why not do it *now*?





# The kind of Train They lay Carpets for!

WHEN a Budd streamliner . . . long and shining . . . comes gliding into the station it creates a prompt stir of interest. Heads turn. There's drama in the air — that pleased expectancy which is reserved for something special, something new.

This ceremony takes place many times daily in many stations. It illustrates, on a small scale, the sensation that marked the first appearance of these modern trains on the American scene. Overnight these inspiring pioneers caught the public fancy. For they are new in design, new in construction, new in performance.

The secret? Budd engineering, plus a structure of stainless steel, fabricated by the exclusive SHOTWELD★ process.

This combination produces cars that are strong, durable — and truly light-weight. Their low center of gravity makes them hug the rails and travel smoothly at high speed. They fulfil all safety requirements without incurring the burden of dead-weight imposed by older methods and materials. They have more spacious interiors, to which Budd, again departing from precedent, gives the luxurious comfort and appearance of a fine living-room.

Budd-built trains . . . swift, safe, beautiful . . . are restoring glamour (and passengers!) to the railroads of America.

★ Originator of ALL STEEL★ bodies for automobiles, now used almost universally, the Edw. G. Budd Manufacturing Company has pioneered modern methods in the design and fabrication of steel products.

★ Reg. U. S. Pat. Off.

**EDW. G. BUDD MANUFACTURING COMPANY**  
PHILADELPHIA DETROIT



# BUDD

**METHODS SAFELY ELIMINATE DEAD-WEIGHT**



**THIS MAN HAS  
TIME TO MAKE  
SOUND DECISIONS**

**INTERNATIONAL**  
*Business*  *Machines*  
**CORPORATION**

Modern executives, careful to avoid snap-judgment decisions, know that questions involving important policies require time for careful study of all the facts involved. "I'll get the figures and think it over," says the wise manager . . . International Business Machines furnish dependable and inclusive information. And, they supply this information in time to permit careful consideration, which results in sounder and more successful decisions.



# ● THIS TRUCK HAS TRAVELED MORE THAN 500,000 MILES



**I**T'S A 1934 Ford V-8 Truck. It hauls a 3000-gallon gasoline tank. Today it has traveled over half a million miles—and is still giving new-truck performance.

It is averaging 500 miles a day. During the month of January, 1938, it rolled up 17,640 miles.

More than that—the owners estimate that this Ford V-8 has provided the lowest-cost-per-ton-mile for hauling gasoline of any unit they operate. Here again is proof that eight cylinders mean more work, in less time, at lower cost.

Eight cylinders have always meant better performance. And Ford has found the way to make these extra cylinders mean extra economy too. The Ford Truck engine, equipped with special heavy-duty pistons, definitely puts more pay in every payload.

The Ford Truck gives you V-8 quality in the engine and it is V-8 quality throughout. In materials, engineering and design, the 1938 Ford Truck is the finest, sturdiest, best looking truck in Ford history.

The Ford Engine and Parts Exchange Plan slashes the time the truck is out of service for repairs and cuts the cost of repairs.

Your Ford dealer wants you to discover eight-cylinder performance and economy. See him today and arrange for an "on-the-job" test—with your own driver, and your own loads, over your own routes.

SEE THE NEW CAB-OVER-ENGINE TRUCKS. AVAILABLE IN TWO WHEELBASES—101 AND 134 INCHES. ALL THE ADVANTAGES OF CAB-OVER-ENGINE DESIGN WITH TRADITIONAL FORD ECONOMY AND PERFORMANCE.

## FORD V-8 TRUCKS

MORE WORK IN LESS TIME AT LOWER COST  
ACCORDING TO OWNERS' RECORDS



# *The Girl Delivers the Message . . .* INTERNATIONALS DELIVER THE GOODS

Everywhere you go, smiling girls remind you of "the pause that refreshes" with ice-cold bottles of Coca-Cola. And have you noticed, too, how people turn to look at the Internationals that are used to deliver Coca-Cola? This eye-arresting quality is a real prestige builder in the bottled beverage business.

On top of that, Internationals deliver Coca-Cola on a rock-bottom economy basis. More and more businesses with years of hauling experience are turning to International Trucks.

Sound ALL-TRUCK construction in every model of the complete International line insures low operating costs in every hauling field. And from lowered costs come increased profits — *plus the prestige of International Trucks*. Traveling advertisements for your business!

If the hauling of any type of load is a load on your mind, it will pay you to get an International demonstration. The International dealer or branch in your city will work it out for you without obligation.

## INTERNATIONAL HARVESTER COMPANY

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*International Cab-Over-Engine Model D-300 — the ideal truck for close work in crowded traffic. Short turning radius, maximum loading space, perfected load distribution, and a completely comfortable cab make this truck a stand-out in the low-price 1½-ton field.*



# INTERNATIONAL TRUCKS



## QUESTIONS our readers are asking:

- 1 • DID the actions of the Seventy-fifth Congress help or hinder business?  
ANSWER ON PAGE 15
- 2 • I LIVE in the city now so why should I care what happens to my old home town? ON PAGE 18
- 3 • BUSINESS men in many towns know that trade is falling off, but what can they do about it? ON PAGE 20
- 4 • WHAT chance does a fellow have who tries to start his own business today in competition with those already in the field? ON PAGE 21
- 5 • WHAT can we do to guarantee that students who graduate from schools and colleges can really hold the jobs we hire them for? ON PAGE 24
- 6 • WHY isn't something being done so that a man whose tax return is questioned doesn't have to go clear to Washington to explain his position? ON PAGE 27
- 7 • MAYBE lawyers are interested in the changes made in federal court rules but why should I care about it? ON PAGE 29
- 8 • IN past generations capital was busy building up great enterprises of industry and transportation. Where is there a similar opportunity today? ON PAGE 32
- 9 • WHAT would be the advantages if the Logan bill creating an administrative court were to pass? ON PAGE 38
- 10 • WHY aren't the efforts being made in Washington to unify standards and technique of bank examination a good thing? ON PAGE 48

What is Coming in August . . .

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**AUTOMATIC** *Split Second*  
**MULTIPLICATION**

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FIGURES





Riding triumphantly through the long years of world-wide depression, the Leipzig Trade Fairs have reached important new heights in international commerce. THE 1938 SPRING FAIRS BROKE ALL THE RECORDS OF 700 YEARS—IN ACTUAL SALES AND IN THE ATTENDANCE BY EXHIBITORS AND BUYERS ALIKE.

On August 28th the Fall Fairs will open. Reservations already in hand indicate that there will be more than 6,500 exhibitors from 25 countries—and not less than 150,000 buyers from 72 countries. Those who attend these semi-annual Fairs are the aggressive executives and buyers from all parts of the world. They know that Leipzig is the one place to see tomorrow's merchandise successes today. They know that covering these Fairs keeps them at least six months ahead of their stay-at-home competitors.

In the General Merchandise Fairs, some 5,500 firms will exhibit both finished and semi-finished goods—covering every conceivable line for the department and the specialized store. In the Building Fair, there will be at least 1,000 exhibitors. We invite you to write for Booklet No. 19—tell us the lines in which you are interested—let us help you determine the profit possibilities which these Fairs offer to your business. You can cover all your interests in Leipzig in less than one week's time.

Leipzig Trade Fair, Inc., 10 East 40th St., New York

# Leipzig

## TRADE FAIRS

## Through the EDITOR'S SPECS

### Revolutions need not be bloody

GREAT national currents, political, social and economic, are sweeping away the landmarks of 150 years. A revolution is under way in the United States. Most of us are not alarmed because we do not hear the military bands, or see the blackshirts and bayonets. But if citizens, in strictly non-partisan fashion, should focus their candid cameras upon the current situation, they would see tremendous changes involving their personal liberties.

For example, Congress has just resolved to investigate Fascist and Communist activities in the United States. This is a popular measure because probably 99 per cent of our people abhor Fascism and Communism. Yet in seven years we have adopted more than one-half of the Italian and Russian programs. We are officially urged to go the rest of the way, and are daily moving in that direction.

Either we are hypocrites or just plain ignorant.

WHAT IS THE SOURCE of a dictator's power? What would you or I want if we desired to be an absolute autocrat? Five controls would make any man the absolute ruler over his fellow man:

*First:* Control of his earnings and savings.

*Second:* Control of production.

*Third:* Control of his wages.

*Fourth:* Control of his hours of work.

*Fifth:* Control of the prices he must pay.

These are the fundamental powers which Mussolini has, and which Stalin has. There is no essential difference between them. In Italy, a small group of nine industrialists are the stooges of Mussolini and his controls are thus called the corporate state, or Fascism. In Russia, labor leaders are Stalin's lieutenants and his controls are called the proletarian state, or Communism. Both are autocracies.

IN THE UNITED STATES we have well-nigh turned over the first of these controls, namely, the control of our earnings and savings, to our Chief Executive. In fact, Congress has just declined to earmark an appropriation of several billions.

Nearly one-third of the combined earnings of all of us, man, woman and child, are now commandeered yearly by politics and slowly but surely are gravitating to the control of one man. The savings of other years are daily being expropriated or confiscated.

Karl Marx was the father of Communism. The first plank in his platform was control of the people's capital and credit. Lenin declared that with this control "the small business men"—always, as we have pointed out in these columns, the greatest stumbling blocks in the paths of dictators—"may be tied hand and foot." "With capital under control"—that is, the earnings and savings of the people—he said at another time, "we have nine-tenths of the socialist apparatus."

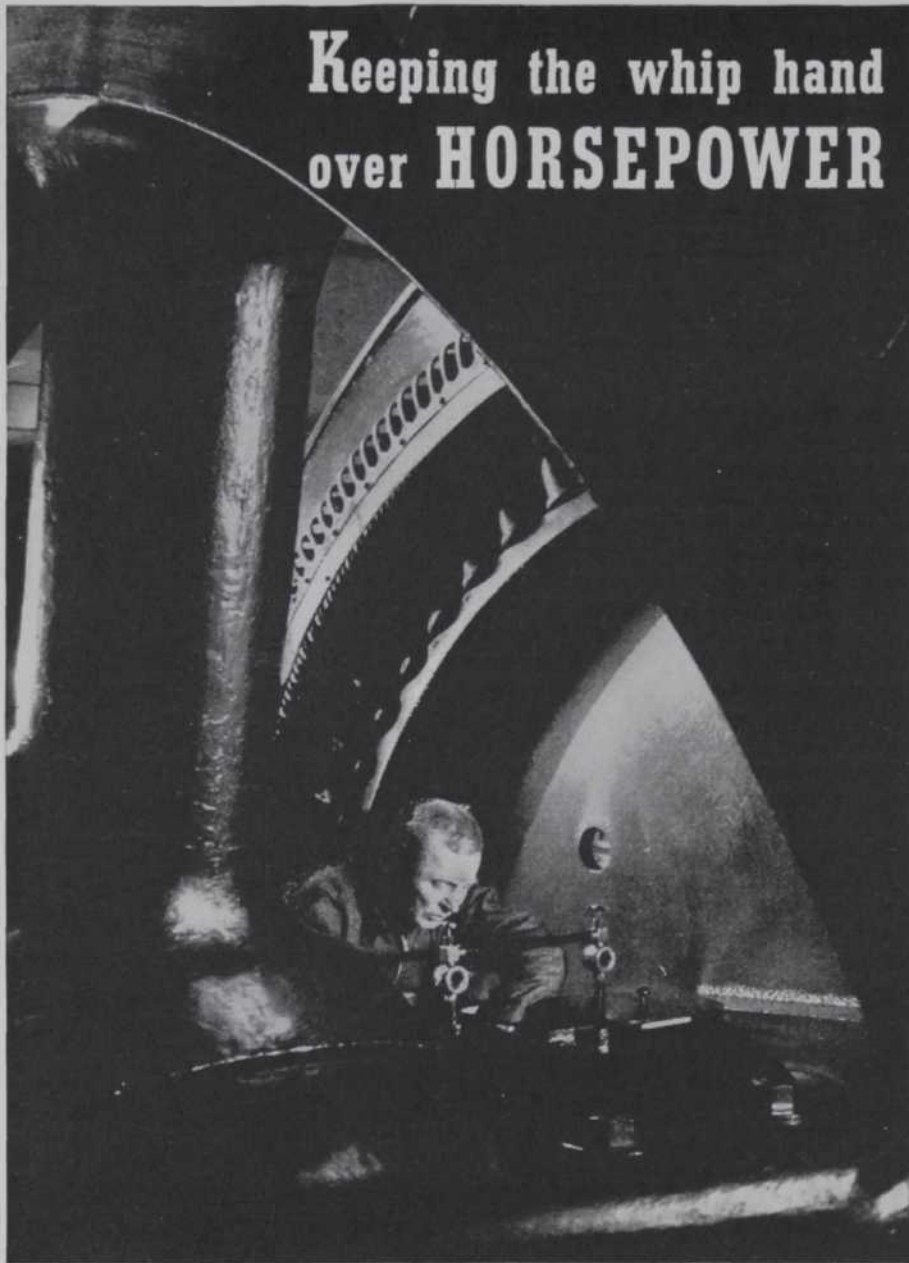
WHY IS SUCH control of earnings and savings so important? Because it permits dictators to spend them in their own way. It permits unscrupulous ones to spend the public money in order to keep themselves in power. One billion is collected, for example, in Social Security taxes. It is spent for dams and Arthurdales, for tree belts and Greenbelts, for outhouses and electric toasters, for Passamaquoddies and post offices. The point is—and it is the fundamental change occurring in the United States today—that political agents now determine how the greater part of our earnings and savings are to be spent.

Few realize the distance we have gone down this un-American road. Whereas only ten per cent of our deposits in the banks seven years ago was represented by government I.O.U.'s, today it is 40 per cent. What ever your deposit in savings or commercial banks, you can figure that 40 per cent of it has been borrowed and spent by your federal Government; and more of your life insurance savings, the money back of your policies that makes them safe, have likewise been commandeered. The Government has 19 great lending agencies. It lends our money, not perhaps as you and I would lend it, but as it sees fit, to this citizen, or group of citizens, to this section or that for this undertaking or the other.

WE ARE TAKING the same course in the other four controls. Agricultural



## Keeping the whip hand over HORSEPOWER



**M**ECANICAL horsepower is a good servant, but a bad master. When it runs amuck, engines, boilers, whole buildings may be laid waste . . . assets equivalent to profits for many years may be wiped out in the twinkling of an eye!

Keeping the whip hand over horsepower calls for constant vigilance. But it also demands a skill that can be acquired only from long experience of the many causes of power-equipment accidents. In this exacting work,

Hartford Steam Boiler is *the* specialist. This company devotes all its energies to boiler and machinery protection, deals in no other forms of insurance.

Because policyholders find very definite profits in a specialist's service, about half of all boiler and machinery insurance written in the United States is confidently entrusted to this one company.

Your plant can likewise benefit. Ask your agent or broker.



products today are controlled by the Secretary of Agriculture, an appointee of the Chief Executive. Here is an example of this autocratic power: Recently he said he might after consideration reduce the penalties—fine and imprisonment—of those who disobeyed his orders.

Indirectly this control of production is likewise being extended to industry.

Similarly, wages and hours are now under control of Madame Perkins, an appointee of the Chief Executive, on all materials used in governmental contracts. As an illustration of this power, she has fixed wages of pottery workers at \$17.10 a week, and hat and cap makers at \$26. The Wages and Hours bill will carry this control still further.

Prices of food products—from wheat to rice, from meat to potatoes—are set by Washington, as well as prices of gold and silver—and the price for the use of money. The surplus commodity control is one agency of price fixing, as when it buys eggs or prunes or cotton. Of course, as in Italy, the fixing of prices *must* follow the fixing of wages and hours. It is a hare-and-hound operation.

So though we may wake up some morning to find life on the American plan completely changed, the discovery will be made to no accompaniment of goose-stepping pomp and circumstance. We shall have been beaten not through a test of courage, but by our own apathy and indifference.

### An oasis in the economic desert

THE seasonal swatch book which the Cotton Textile Institute gets out is a delight to one's sense of nuances in language, as well as to the eye. One page of prints in the 1938 Spring and Summer swatch is labelled "Round-the-World Cruise! Mexico, Spain, Czechoslovakia, Egypt, Persia, China . . . prints follow politics, turn cosmopolite, take the best from each nation: gaiety or glamour, demureness or drama, sparkle or subtlety, quiet or riot."

And listen to some of the captions under the samples of the newer cotton fabrics: "Go Westkit, young woman, in a line checked gabardine." "Smart as a sergeant's salute is this woven chevron." "Stripes that Van Gogh might have painted." "A charming grille-work print that says New Orleans."

### Bigger and better

AT LAST we can congratulate Administrator Hopkins upon his announced goal for America. We now outstrip all other countries in the cost of government. The United States

**THE HARTFORD STEAM BOILER INSPECTION  
AND INSURANCE COMPANY** HARTFORD,  
CONNECTICUT



\$133 *per capita*; England \$123; France \$103. These figures are from studies by the Twentieth Century Fund, for 1937. They are at variance with the statement of Senator La Follette in the *Saturday Evening Post*, who doubtless was misinformed as Senator Harrison said of the tax picture as presented by President Roosevelt at Arthurdale:

Taxes, local, state and federal combined, are nowhere near as high in this country as they are in any other great nation that pretends to be up to date.

### Ruminations on radio

THE authors of "If, Or History Rewritten," a volume of speculation on the results that might have followed if certain historical events had happened differently, missed the most intriguing contingency of them all. Just imagine rewriting history if Marconi had lived and wrought in the time of William the Conqueror!

With radio, the child of wireless telephony that Marconi gave the world, Peter the Hermit wouldn't have had to wear out his feet and his voice tramping over Europe to whip up sentiment for the Crusades. With an audience of millions instead of thousands, Savonarola's eloquence might have reformed the Catholic church from within and thus prevented the Protestant Reformation.

Magellan could have treated the world to its greatest news flashes of all time—a three-year program better than Post and Gatty's seven days. With a "fireside" voice half as potent as his military mind an international hookup would have made Napoleon Emperor Extraordinary of the World. Hamilton and Burr, instead of settling their differences with pistols at 30 paces, would have aired them in a Town Hall debate. Thus the great Federalist might have been preserved some 50 years for mighty intellectual combat.

But there are liabilities to enter on the other side of the ledger. Falstaff might have anticipated the fame of Ed Wynn. And where would Edgar Bergen and his Charlie McCarthy be today if Dr. Johnson and his Boswell had taken to the air 150 years ago?

### You don't say!

BUDGETS: Housewives of Suffern, N. Y., have organized a "Women's Revolt" against the new government spending plan. Social workers in New York City counter with a pro rally. Speakers included representatives of the League of Women Shoppers (see "Consumer Clans Are Gathering," NATION'S BUSINESS for January) and the Women's Trade Union League. Nuff said! One of them offered the



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American  
Credit Indemnity Co.  
of N.Y.

## KEEP A *String* ON ACCOUNTS RECEIVABLE

Your merchandise can be scattered all over the map and yet your receivables will be as safe as cash in the bank! That's the enviable position of Manufacturers and Jobbers whose accounts are protected by American Credit Insurance.

Astute executives keep under their control the enormous capital invested in receivables -- the source of potential profits, of dividends to stockholders, of wages to workers.

### American Credit Insurance

takes over your Credit Manager's responsibility where it necessarily leaves off -- with the shipment of goods. It guarantees a fund on which to draw when defaulting customers cause unexpected credit losses.

Insolvencies, reorganizations, and delinquencies have the same status under the terms of most "American" policies. You are reimbursed promptly if customers can't pay or won't pay. Capital is kept at work.

"American" protection is available on all accounts -- or on Special Groups, or Non-rated Debtors. Any American Representative will give you full information.

## AMERICAN CREDIT INDEMNITY CO.

of New York . . . J. F. McFadden, President  
Chamber of Commerce Building . . . St. Louis, Mo.

Offices in all principal cities of United States and Canada



## *THE RIGHT ROAD*

The road to refreshment will lead you straight to Pabst Blue Ribbon. Brewed to highest standard, Pabst pleases millions today, as it has for five generations.

# PABST

*Order a Case today*



© 1938, Premier-Pabst Sales Co., Chicago

GOOD TASTE FOR 94 YEARS



sparklingly original injunction to "balance the human budget." . . . A socially unconscious reader voices the suspicion that "budgeting the ballots" is receiving more attention just now than balancing the budget. . . . A Non-Partisan Citizens Committee in Scarsdale, N. Y., took a straw vote in the community on the question, "Do you favor or oppose the President's new 'pump priming' program?" Result: 71 favor, 1,474 oppose.

**TALL TIMBER TALE:** The W.P.A. has allotted \$179,000 for a census of all the trees in Cleveland, "The Forest City." Clerks, accountants, tree surgeons and draftsmen will be employed. Ambitious young men in other cities are asking to be placed on the tree-counters waiting list.

**PROLETARIAN ART:** Channing Pollock, the playwright, told a Relief Society in New York that W.P.A. art is a form of government propaganda and an art "of, by and for mediocrity." One thing he praised—the W.P.A. murals. "Observe the nobility of the workers in them," he said; "so true to life—still life!"

**POLITICAL FREE LOVE:** The Communist Party of New York State, in convention assembled, pledged hearty support to the pump-priming program, as "a first step in shifting the burden of the crisis upon the rich who can afford to pay."

**NONCONFORMIST:** A barber in Cushing, Okla., who went to jail for charging 25 cents for a haircut, instead of the fixed charge of 40 cents, obtained bail and vowed he would charge 15 cents if he chose. When Thoreau went to jail for a principle, a friend called and said: "Why are you in jail?" Thoreau replied, "Why are you not in jail?" There is no report of an indignant mass meeting in Oklahoma.

**SOOTY SANTA:** Subscriber R. L. Gaither of Joplin, Mo., rises to remark that "It's true you can't beat Santa Claus, but he runs this danger: if he goes up and down the chimney much more nobody will recognize him."

### Scarcity and "Hunger"

**SALESMEN** kick about high quotas, but it's low quotas that are worrying farmers, particularly in the Corn Belt of Illinois, Minnesota and other tall corn states. One farmer in southern Minnesota out of a number who wrote letters to Congressman Andresen pictures a plight that he says is typical:

Many of the farmers around here are opposed to cutting down their corn acreage. We ourselves are cut from 65 to 26

acres, and others accordingly. The reduced acreage will not supply sufficient feed to take care of my hogs and dairy herd, and I will be forced to sell part of my livestock this fall for lack of feed.

The embattled farmers of 1938 who aren't permitted to raise enough corn to feed their own hogs and cattle should go in more heavily for soil erosion and thus assist the one-third ill-fed to more bacon and butter.

### Distribution

**PERHAPS** few persons will find any romance in the miscellany of commonplace utensils pictured on our cover this month. But the romance is there.

It hides behind the fact that Photographer Nesmith might have taken this photograph in any of a half dozen stores within a few blocks of his studio. Any customer in almost any village has the same opportunity.

And yet it is not many years ago that the arrival of a peddler's cart was an unusual occasion.

Business has changed that situation—has made the picture on our cover possible; has made it so commonplace as to overshadow its romance. Because surely there is romance of the finest kind in the unseen effort that brings the products of the mines, the mills, the factories and the potters' ovens together in convenient places where all may buy at the same low price.

### "Coincidences"

**SEVERAL** readers have commented on the timing of Senator Pat Harrison's "A Streamlined Tax Program" in the June issue with the Senator's passage at arms with the President, who thought the new tax law too easy on business. While we are much too modest to say "We planned it that way," the case was not exactly a coincidence. Neither was "Socialized Medicine is a Reality," which also anticipated the headlines about trust-buster Thurman Arnold of the Department of Justice going out to "get" the American Medical Association and the District of Columbia Medical Society for daring to obstruct the scheme for state medicine. Nor "The Communist Formula for Revolution." For its parallel on the front pages of newspapers, see "You Don't Say!" on Page 9.

Just one more "confession." When we broke a precedent and commented in this department recently on the educational advertising of the Bank of New York and Trust Company we were not in collusion with the judges who later awarded this institution the *Advertising and Selling* gold medal for distinguished service to advertising as a social force in 1937.



*Silently*

## AIR CONDITIONED BEDROOMS AT WASHINGTON'S MODERN HOTEL

Assure Healthful Sleep and  
Escape From All Outside Noises

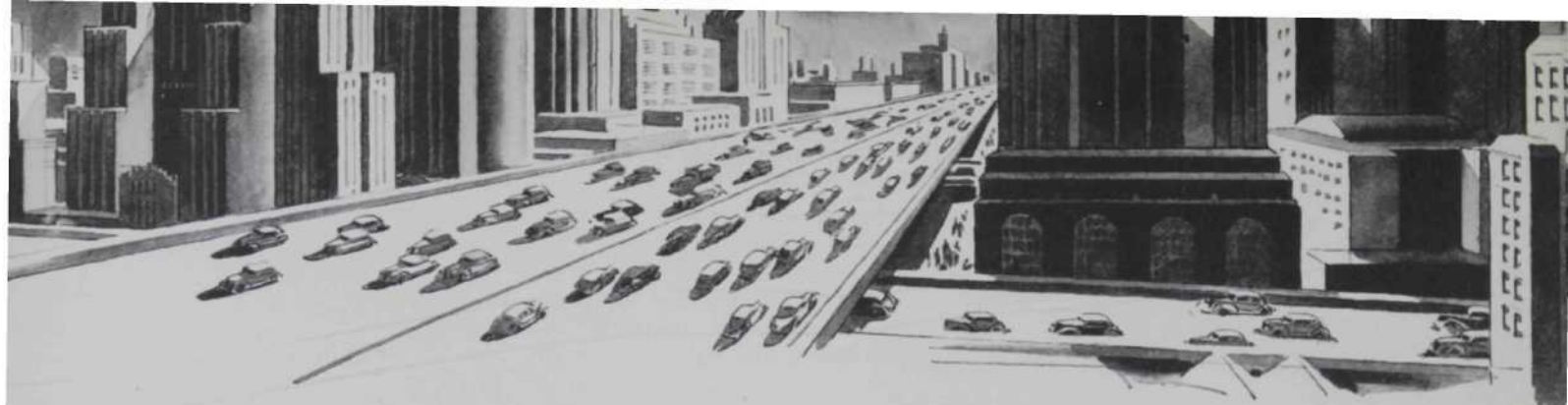
★ Restaurants ★ Lobbies ★  
★ Public Assembly Rooms ★  
Also Made Delightfully Comfortable By The Quiet Flow Of  
Fresh, Washed Air

Naturally Ventilated Bedrooms  
and Suites On Every Floor, If  
Preferred

Single Rooms from \$4  
Double Rooms from \$6  
All with bath, of course

**The Air Conditioned  
MAYFLOWER**  
WASHINGTON, D. C.  
H. L. FOLLO, Manager  
NEW YORK OFFICE:  
631 Fifth Avenue MURRAY HILL 6-2388





TODAY'S TRAFFIC PACE DEMANDS

# GOODYEAR LIFEGUARDS\*

As important to complete motoring safety as—

**4-WHEEL BRAKES**

**ALL-STEEL BODY**

**SAFETY GLASS**

Blowout danger is lurking danger. You never know when it's coming. For no tire is blowout-proof . . . not even Goodyear's All-Weather, the best tire built.

Blowouts and other high-speed tire failures can occur in new and apparently sound tires. Sometimes blowouts are weeks or months or years in the making. But they're always dangerous . . . unless you have Goodyear LifeGuards.

**FOR SAFETY'S SAKE . . . EQUIP  
WITH GOODYEAR LIFEGUARDS**

LifeGuards fill a crying need long felt by everyone who drives over 35 miles an hour . . . positive protection against tire failure at high speed . . . in *any* tire . . . on *any* car.

LifeGuards are as necessary to complete motoring safety as four-wheel brakes . . . all-steel body . . . safety glass.

LifeGuards should be in every tire on every car. The older the tires,

the more necessary to have LifeGuard protection.

LifeGuards are real economy. They truly save money. They add as much as 25% to safe tire mileage . . . and they will outwear several sets of casings.

★ ★ ★

\*LIFEGUARD is a trade mark of The Goodyear Tire & Rubber Company, and is fully protected by patents. Goodyear LifeGuard tires are made for passenger cars, trucks, buses and motorcycles.



**HOW THEY WORK:** The Goodyear LifeGuard is a 2-ply *reserve tire* inside the tube . . . both inflated through the same valve. If casing and tube fail at high speed, the

inner tire holds enough air to support the car until it can be brought to a smooth, safe stop. A LifeGuard-equipped car may be readily identified by the yellow and blue valve stems.





## A Prayer for Horse Sense

**B**USINESS may respond temporarily this fall to government spending, but, in the long run, business will not get better, nor jobs increase, nor standards of living stop falling, unless America returns to the old-fashioned common horse sense for which our people were once famed.

That horse sense will tell us that more governmental spending will leave us worse off in the end. The experience of seven years, each year spending more than the preceding, ought to place the burden of proof upon the spenders. In this period, political agencies, state, local and federal, have spent \$67,000,000,000 collected in taxes and \$20,000,000,000 more, borrowed by the federal Government largely from depositors of banks and policyholders of insurance companies.

Spending has not fulfilled a single recovery promise. It has not added a single dollar to the working wealth of the nation, nor has it added a single permanent job. All it has added are heavier tax burdens upon the workers of today and the coming generations, and 1,000,000 more on government pay rolls. Yes, both of these additions will be permanent.

Horse sense will tell us that our federal Government, strong and powerful as it is, cannot of itself create a single thin dime. Before it can spend a dime it must extract it from the individual. What irony! to see a great public works project labelled in big letters, "Built by Governor so-and-so and Federal Administrator so-and-so!" Three words should be added to each one of these across the country: Built . . . "with your money."

Horse sense some day will return and scotch the foolish fallacy that this greatest spending spree of all time should not be opposed for fear that men and women would starve. Contrary to political representations, no one starved prior to

1933; there was no malnutrition, as health records show. America had always taken care of its destitute and resource-less. But heretofore it did not glorify the man out of a job, nor demand strawberries for him in January, nor convert him to the easy belief that some unchristian neighbor was responsible for his circumstances. Nor did it claim that our frontiers of prosperity were gone, that the American plan was through, that life was so "complex" today that thrift and sacrifice belonged only to an earlier "simple" life. Historians will be perplexed as they record this "earlier simple" life as one where buffalo chips provided the fire to heat creek water and the sod house.

In the name of relief ("you wouldn't let people starve, would you?") we have loaded a \$2,000,000,000 yearly tax expense upon the backs of the worker-producers of the country that is wholly unconnected with relief or unemployment. Only one dollar out of six goes for relief. One would be hard put to point out a single one of the hundred new bureaus, boards, commissions and authorities, which has helped business to recover.

For nine years now we have prayed for recovery. Let us now add a prayer for the recovery of our famed American horse sense. It will show us the folly of expecting prosperity by magic. It may arouse an old-time indignation and anger against the wicked extravagance of the Washington rain-makers. Then, if in this mood we issue orders to our congressional "servants"—and back them up—we shall start upon the slow and hard road toward regaining that national well-being which was once the envy of the rest of the world.

*Merce Thorne*



# IN BUSINESS FOR BUSINESS

*"Send this letter to every one of our dealers—today! . . .*

*How about that order? . . .*

*We'll need two thousand more of those forms! . . .*

*Can't see him now—have him come back next week . . .*

*How'd the Stock Market do? . . .*

*Get New York—Los Angeles—Chicago . . .*

*Get busy and get business!"*

American business is hitting hard today. It has to hit hard—or it's vice versa. But this isn't the first time.

For fifty-four years one of the hardest hitting helpers in commerce and trade has been the Mimeograph.

Sales ideas—on their way almost a matter of minutes from their creation. Two score or ten thousand!

New forms, made practicable by the office Mimeograph machines—often saving a department hundreds of dollars a quarter.

Businesses—not a few—actually brought back into the black by the economical sales and merchandising aid of Mimeograph; by its paring of inter-office expense.

From a corner grocery getting out a few handbills to a gigantic corporation running batteries of these famous duplicators 16 hours a day, Mimeograph has proved itself practicable, profitable—difficult-to-do-without.

The Mimeograph machine, equipped with Mimeograph brand supplies geared to it, is admittedly the finest, most universal form of office duplication in the world.

We believe it will pay the major executives in a lot of organizations today to find out how the Mimeograph process can help keep sales curves up and overhead down.

If you do not maintain Mimeograph equipment, we suggest you get in touch with a Mimeograph branch or dealer in your city—you'll find his number in the "Where to Buy It" section of the Classified Telephone Directory. Or write to A. B. Dick Company, Chicago.

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MIMEOGRAPH—TRADE MARK OF A. B. DICK COMPANY,  
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*A family of products for transmitting privately to paper, in multiple, at a high rate of speed, and low cost—in words, charts or drawings—the facts, thoughts and figures of any business, profession or institution.*



# Congress Rediscovered Its Backbone

By RAY TUCKER

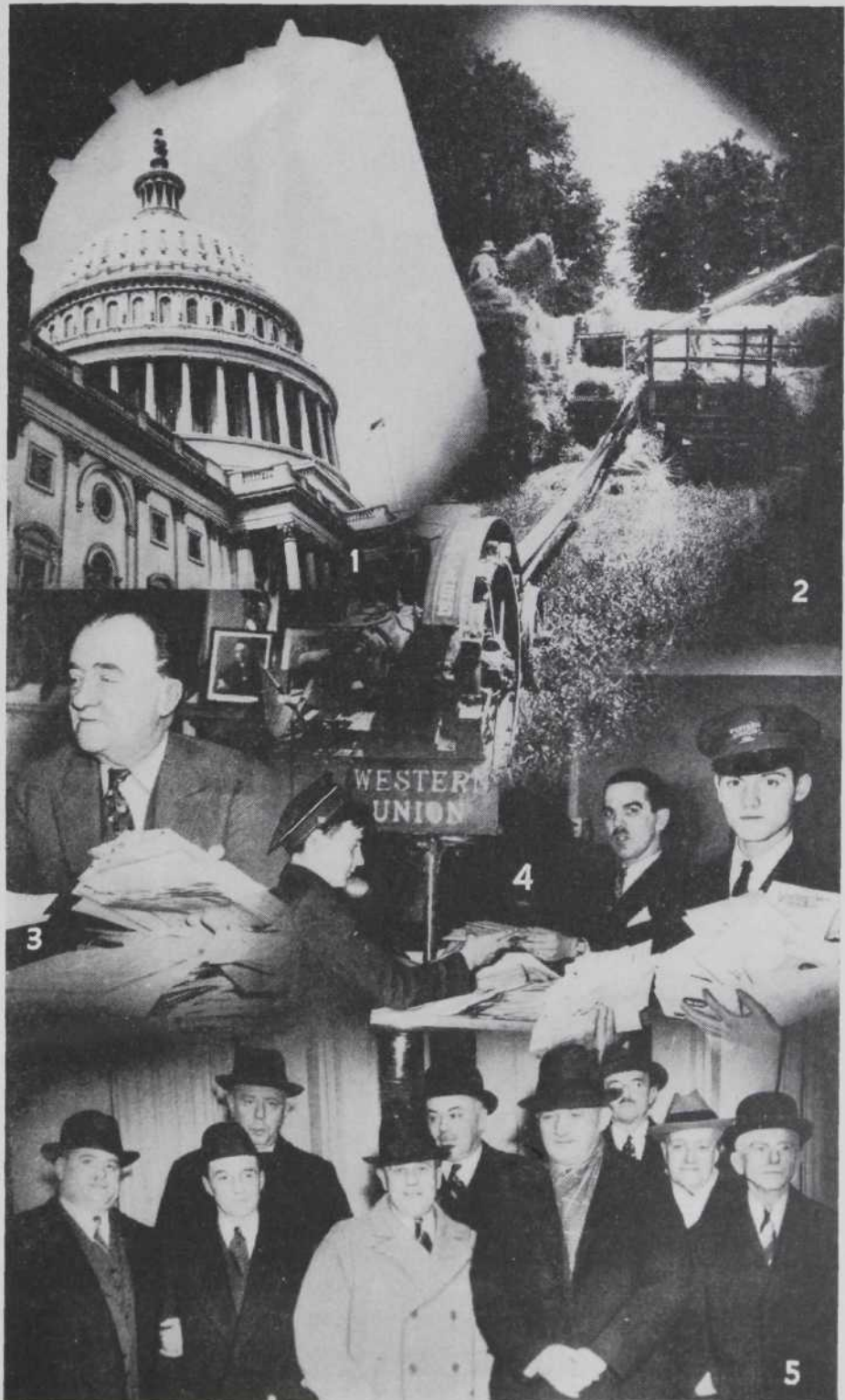
**T**HE Seventy-fifth Congress of the United States consisted of a group of gentlemen with a dark past and a bright future—provided they survive, politically, to retell the tale. It was in some respects one of the most remarkable national legislatures in many years. Far more important, perhaps, than its actual accomplishments were its general spirit and health.

It did two things which may entitle it to a definite place in some niche of history. In a world beset by dictators and legislative subservience to colorful personalities in the executive arm of government, it reasserted the independence of the representative branch.

This new declaration of independence is not, in either a current or historical sense, a question of partisan politics or personalities, because the men who uttered it were eminent Democrats—Messrs. Garner, Glass, Harrison, Wheeler and O'Connor. It simply means that, after six years of submerging itself for the apparent need of direct, one-man rule, the Congress has determined to restore the more American and constitutional method of handling public business.

The Congress also discovered—and so said—that government must cooperate with, rather than crack down on, private business and industry. It exhumed and gave life to the theory that no nation can prosper unless the mutuality of all the interests which make up that nation is recognized.

With possibly one exception—the



1. Capitol Hill assumes new spirit
2. Opposition to A.A.A. contended farmer would surrender freedom for small benefit
3. Representative O'Connor led successful House revolt against Reorganization Bill
4. Messengers loaded with telegrams protesting increase of presidential power
5. Automobile and finance company officials leave White House after conference on practices and problems of their industry





new AAA bill—the Democratic legislators wrote measures designed to relieve capital, management and labor of restrictions hitherto imposed under the theory of federally planned economy. They refused to frame new laws on banking, monopolies and other corporate problems that threatened to handicap free enterprise. Even in discussion of the wage-hour measure, the boys and girls on Capitol Hill advocated rates and exemptions which bear less harshly on most major industries than did the original scheme.

### Congress changed its policies

IT IS difficult to say whether this recognition and revival of older forms of economic law derived from a change in the legislators' fundamental philosophy or from the day-by-day impacts of the 1937-1938 depression with its terrific slump in production and employment and the natural political repercussions. The essential fact is that, after so many years of passing laws creating uncertainty for business and industry, the Congress belatedly reversed its field and took the big ball away from hard-running New Deal quarterbacks. It has amended not only the rules of the game but also the game itself—at least temporarily. Without a realization of this basic fact no review of the Seventy-fifth Congress is understandable.

For further explanation of this shift in congressional psychology, it must be recalled that President Roosevelt summoned the special session to the Capital at a time when the depression had publicity agents who referred to it as a "recession." Few anticipated it would assume the depth and severity that it has in the intervening months, least of all the Administration's topnotch advisers. They believed—and so assured Mr. Roosevelt—that accumulated inventories would soon dissolve, that spending and production would then be resumed and the spiral shoot upward again.

But there arose on Capitol Hill a bloc which insisted upon immediate aid to business in the form of tax re-

1. Despite a lively resistance and a previous unsuccessful effort to cure unemployment by pump-priming, another spending-lending bill was forced through Congress

2. Senator Wheeler hears from his constituents on his stand for independence of the representative branch of Government

3. Roy C. Osgood, vice president, First National Bank of Chicago, represents National Chamber at hearings on tax bill

4. Hoping to stimulate heavy industry, Congress liberalizes Federal Housing Act

5. Representative Doughton, S. E. C. Chairman Douglas and Senator Harrison confer over provisions of the new tax law



vision, amelioration of restrictive laws and regulations, amendment of the National Labor Relations Act to make it less lopsided. Senator Pat Harrison, chairman of the Senate Finance Committee, took to the radio to announce that, if the upper chamber had authority to initiate revenue measures, he would immediately introduce a bill for that purpose. A formidable bloc on the House side, fearful that proposed innovations would demoralize conditions even more, pigeon-holed the wage-hour bill and eventually forced its recommitment.

President Roosevelt took a different tack at this time, stressing reform rather than recovery. In his opening message to the special session he asked for only four major laws. He wanted power to reorganize the government along the lines of the famous Brownlow report. He insisted upon enactment of a permanent AAA to replace the soil conservation measure hurriedly framed in reaction to the Supreme Court's adverse decision. He called for final action on the wage-hour proposition passed by the Senate—a 40 hour week at 40 cents an hour, differentials as between areas and industries, enforcement by a five-man board.

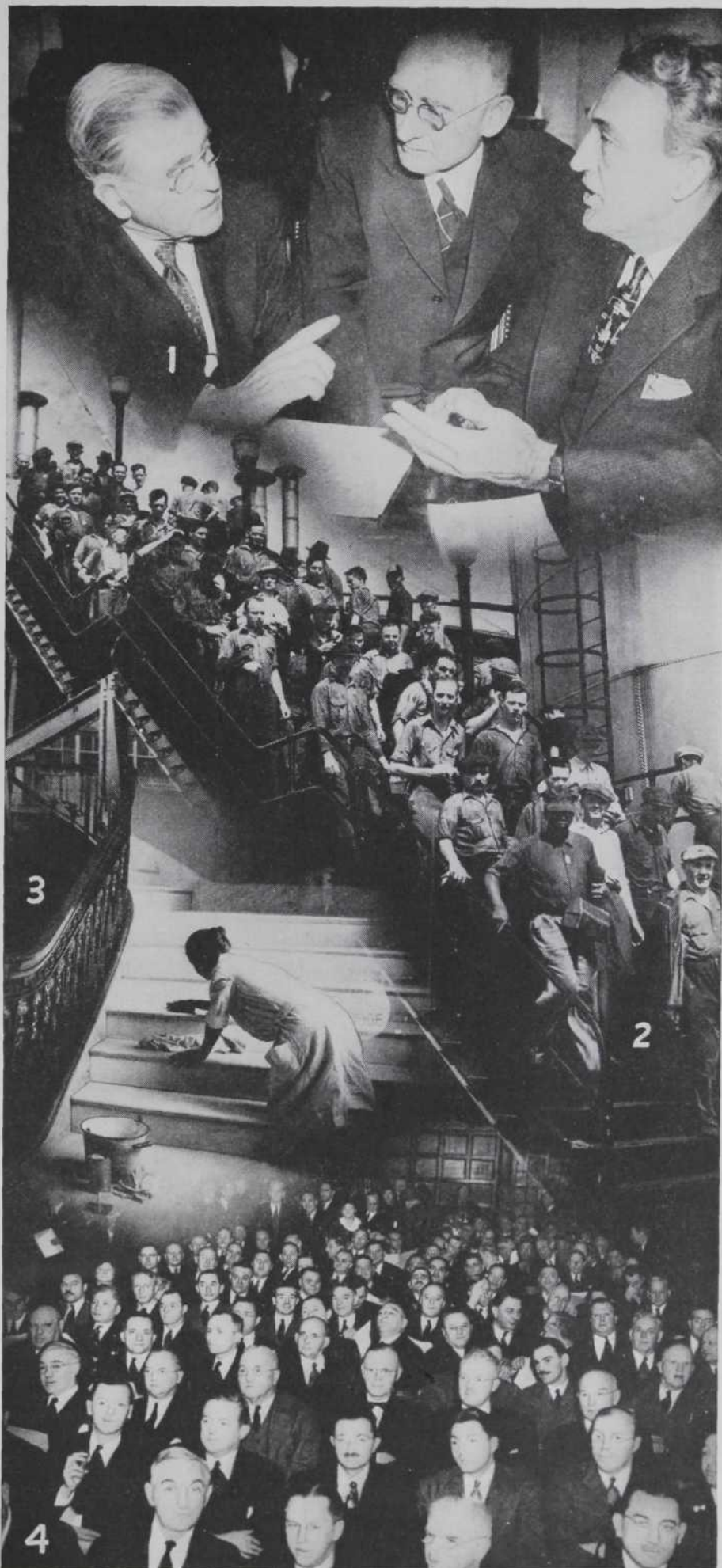
### The proposed new T.V.A.'s

FINALLY, he declared that the program of national planning could not be executed efficiently or thoughtfully without the creation of a central board and establishment of five regional districts. Though he did not mention prospective creation of new T.V.A.'s in his message, the general assumption was that this extension of his public water power domain was the underlying objective. It was not until his message to the January session that the President urged measures to produce recovery, and then he emphasized the need for helping "small business."

Because of the anti-lynching Senate filibuster and House controversies over a new tax bill and the wage-hour measure, the special session was virtually barren of accomplishment except for preparation of a new AAA

(Continued on page 61)

1. Senator Donahey and Representative Mead start investigation of T.V.A. with Arthur Morgan in the witness chair. Meanwhile some senators make unsuccessful attempt to balk P.W.A. power plant loans
2. Workers on nearly all fronts would be affected by Wages and Hours bill
3. But charwoman who scrubs marble steps of Senate Office Building is exempted with other government employees
4. Small business men met in Washington at call of the Administration, but complained vigorously about oppressive regulation





# Applying First Aid to the

By ARTHUR COLEMAN



**F**OR a long time now a lot of us have known the small town is slipping. We've known it, that is, in a vague sort of way. We have been back to the old home town and it doesn't look so hot. Store buildings that fall vacant have a habit of staying that way; and more of them fall vacant than used to. But the old town's still there; and that, we suppose, is something. Thank heaven, we don't have to live there! We live in the city; and the city is alive—it's progressive—it grows.

Of course, we have no very definite idea of why the city grows or what it feeds on. Down at the chamber of commerce they've got impressive maps showing freight rates and population and what not. But they have no maps showing that in 1920-30 nearly half of our approximately 15,000 small towns—incorporated places with less than 5,000 population—lost population, or that considerably more than a fourth of these towns failed to gain as much as the national average of 16.1 per cent.

None shows that the aggregate gain registered by these small towns was, in fact, a bare 2.5 per cent—compared to the 12.5 per cent they gained in 1910-20, the 28 per cent in 1900-10, and the 29.4 per cent in the decade before that. No map compares this trend with the fact that the national gain of 16.1 per cent was an increase from the 14.9 per cent gained during 1910-20.

Yet these figures deal directly with what the city directly and entirely lives and grows on—the small towns in its trading area.

We are likely to forget one vital premise: the large town or city produces nothing in the way of real wealth. It buys, it processes, it stores, it distributes, sells. That last is most important. If it doesn't sell, it doesn't eat.

To sell, it must have a prosperous market. That market is made up of smaller towns and villages.

Why are the small towns losing so drastically, particularly when, before 1910, they led the nation in rate of

gain? Their advantages over the city as places in which to live are numerous, if they are good towns. The answer, then, must be that these slipping towns are not good ones.

Let's find out about that. Let's pick out a typical backward small town—say, Rattyburg—and go to it. We won't need a guide to find some of the reasons for its backwardness. Its streets are weed-grown, or unsightly at best. Its homes need paint and landscaping. It has few lawns. Its alleys are unbelievable. Its cemeteries—a good index, by the way—are poorly cared for. Its churches are unkempt. Its recreational facilities, aside from one or two shoddy movie houses, are notable for their complete absence.

Downtown, its business buildings are run down, poorly lighted, badly ventilated, dirty inside and out. Many are vacant. What stores there are have definitely poor stocks of merchandise, limited in variety and often out-of-date. Its business streets are shabby. It has



# Old Home Town

THE city business man may think that the fate of the nation's small towns is no concern of his—but, if he thinks that, he is plainly wrong

no farmers' market. This much anyone can see, and it is what the farmer sees if he comes to that town.

The fact is, he doesn't come there, and the reason usually given for his absence is the automobile.

Let that be scotched now. For one thing, the small-town decline set in before the day of the automobile and considerably before its general use by the farmer. Moreover, the farmer is no more of a fool than the rest of us; gasoline costs him just as much and he has no time to be gallivanting off to a distant town just for the hell of it.

No, the farmer passes up Rattyburg

for two good reasons—bad roads, and lack of a market. In other words, the roads leading from his farm to Rattyburg are poor and, in bad weather, almost impassable or at best unnecessarily unpleasant. What's more, he has found that the town of Getahead buys his goods at a fair price and sells him what he wants at a fair price—modern merchandise, to boot. Consequently, when he does get out of the mud for a trip to town, he goes to Getahead.

The effect on Rattyburg is not hard to imagine. It sells fewer goods, employs fewer people, has no money to spend on civic improvement. Its ambi-

tious youngsters and other folk find themselves facing the choice of trying to live in a seedy small town, or of leaving. What would you do? They do it. (This is not the place to consider what this migration is doing to our already-overcrowded cities.)

Their departure aggravates the decadence of the town. It has been admirably compared to the systematic killing off of the best animals in a herd of livestock. And it ties in with and augments another basic cause of Rattyburg's sad collapse.

This is the steady depletion of the soil by erosion and mishandling. In the



Experience shows that slipping small towns can be revived and in an amazingly short time but it is a job that demands the cooperation of every citizen and of nearby larger cities





area around one small town, it has recently been determined that 49 per cent of the land can no longer be farmed profitably. This town is probably not exceptional. This means that the number of farmers is decreasing, or certainly not increasing—as can be learned from the Census—a situation that is being made steadily worse.

### Reasons a town declines

THAT'S a thumb-nail picture of Rattyburg. There are, of course, other causes for a town's decline: the sudden removal of a mainstay of support, for example, as in the case of towns depending on a mineral, or on one industry that falls on evil days. Conversely, towns can show growth from essentially unsubstantial causes, again including minerals. New Jersey, with less than 31 per cent of its small towns slipping, less than ten per cent actually losing population, is a clear case in point: it is being inhabited from Manhattan—which lost population in 1920-30—and other New York boroughs. New York State itself shows nowise nearly so good a picture, having a third of its small towns losing population,

of less than 5,000 population—and if you think this upper limit is too high, you should be told that as it is lowered the picture gets worse.

With these definitions in mind, look over this list of states that in 1920-30 had 80 per cent or more of slipping small towns: Idaho, Illinois, Indiana, Iowa (more than 90 per cent), Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Hampshire, Rhode Island, South Dakota, Utah, Vermont, and Wisconsin. In addition, six states—while under the 80-per-cent mark—exceeded the national average of 73 per cent slipping small towns: Georgia, Kansas, Michigan, North Dakota, Ohio, and Washington.

These percentages include, of course, both losing and low-gaining towns. Here is a list of states in which more than 50 per cent of the small towns lost population: Arkansas, Georgia, Idaho (more than 60 per cent), Illinois (over 60), Indiana, Iowa, Kansas, Minnesota, Missouri (more than 60), Montana, Nevada, Oklahoma, Oregon, South Dakota, Utah (more than 60), Washington, and Wyoming. Three other states, falling below 50 per cent, exceeded the national average of 44.8 per cent: Ne-

corporated small towns 1920 Rand-McNally estimates were available—these towns fell neatly into the state's percentage patterns of known sound and slipping towns.

It is probably a bit early to answer the next logical question: how is this affecting the larger towns and cities?

However, the soundest towns are those between 25,000 and 100,000 population, and those with more than a million, only one of these latter cities failing to gain as much as the nation. The second unhealthiest group comprises the 500,000-1,000,000 cities. The remaining three groups—5,000-25,000, and 100,000-250,000, and 250,000-500,000—register slipping-town percentages in the late 30's and early 40's with the first two groups having losing towns in their ranks.

Every reader will translate these facts as he likes. But the few who have studied the situation have concluded that cities cannot long live off themselves; that the situation requires immediate action; and that the logical actors are the cities, whose continued growth and future existence, whatever they like to believe to the contrary, are seriously threatened.

### Towns choose their helpers

OBVIOUSLY, the small town needs help, and the kind of help only the city is equipped to give. Moreover, the people in the small towns know this and welcome this help when it is of the right kind and is given in the right spirit. The people in these small towns, in other words, are not dunces. They know whether their towns are going backward; they are simply baffled as to what to do about it, and they do not welcome solutions offered superciliously or clothed in the garments of philanthropy. They know the city does not love them for themselves alone; but they need help, and they like to see it proffered with the candid admission that their welfare is vital to the welfare of the metropolis.

These conclusions are from the experience of a man who, for a decade or more, has been conscious of the true plight of the small towns, and who has, in behalf of his city, been doing something about it. He is the secretary of a city-planning association, and here is his *modus operandi*:

He goes to any small town in his city's trading area, without charge; but he must be invited by the town, and the leaders of the town must guarantee that everyone in the town will attend every meeting he holds.

He begins his series of meetings on Sunday evening at one of the local churches. He reads from the Bible and discusses excerpts that fit in with the general idea of town building. He finds

(Continued on page 62)



"Getting the farmer out of the mud" is one of the requisites of a campaign to rebuild a town. Farm trade goes where it can travel conveniently

and two-fifths more gaining less than the nation. The only two states, besides New Jersey, having a total of less than 40 per cent slipping small towns are California and Florida.

These causes of sudden growth and decline are naturally rare, whereas Rattyburg is truly ubiquitous. Let me state again my definitions: a "slipping" small town is one that either loses population or fails to gain as much as the nation as a whole. A small town is one

vada, North Dakota, and Wisconsin.

These statements are not guesswork. They were arrived at by a town-by-town examination of Census reports on the nation's 13,413 towns of less than 5,000 population, that were already incorporated in 1920 and so could be compared with 1930. There is no reason to suppose that those relatively few small towns incorporated between 1920 and 1930 show any better health. On the contrary, in one state—on whose unin-



# So You'd Like to Be Your Own Boss

By ROBERT R. UPDEGRAFF

**THOSE** who would like to go into business for themselves will find here some suggestions as to what business to try and some tests as to their qualifications

**F**IRST of all, never mind about the "recession"—if you insist on the currently fashionable term. In many ways the most favorable time for a man to go into business for himself is during or directly after a business depression.

The banks are fairly bulging with money to hire out to the man who has, or can develop, the knack of making money work at a profit.

There are plenty of men and women of all ages and abilities who need employment at such a time, so there are real bargains in special talent and skill.

Raw materials are abundant and looking for markets, many of them at reduced prices.

Rents and real estate prices are favorable.

Furthermore, at such a time the country needs thousands of small new businesses.

The late Lord Leverhulme was fond of telling of a man who, for several years, was confined in a dungeon. One day a happy thought struck him; he opened the window and climbed out.

One is reminded of this story as one sees so many men vainly seeking jobs in times of depression. In a zero situation, with all the time in the world, and a perfectly good set of eyes and ears and hands and feet, they are looking for some employer to gamble on them, when they are literally surrounded by windows of opportunity which they never attempt to open and climb through.

What are these windows?

If you ask for specific suggestions, the answer is:

It isn't quite that easy.

If the windows were visible to everybody, and located at the ground level so that it was no trouble to climb out,



We are literally surrounded by windows of opportunity which most of us never open

they would be choked with climbers scrambling over each other for an easy exit from the treadmill of their jobs.

But neither is the finding of a promising window extremely difficult or risky if one goes about it aright. We have been told, until we are weary of hearing it, that successful businesses are founded on *ideas*. Yes; but how to get an idea?

There is a practical way to go idea-hunting. Look around you for some problem that needs solving or simplifying, for your immediate neighbors, your community, or some group of people with a special interest, such as a trade or profession or hobby group. Wherever in any of these fields you find a problem that needs solving or simplifying, an idea for a business or profession is likely to be lurking in the background.

## Making new businesses

**YEARS** ago a man by the name of Davey observed that keeping trees trimmed and doctored was a problem to most home owners. He built a business on this problem which eventually grew into a recognized profession.

Lawns are as universal a problem as trees. In many local communities a profitable business might be worked

up by a man who would attack lawns on a scientific basis, having soil analysed chemically, experimenting with various types of seed and fertilizer on test areas, making a scientific study of weed suppression and supplying chemically correct top soil. In short, making lawns a profession rather than a mere chore.

Whoever originated the box lunch service, which operates profitably today in so many factories, recognized that getting a wholesome lunch at a nominal price was a real problem

to a working man—and an infernal nuisance to his wife if she had to pack his lunch.

The theater ticket brokerage business was started by a man with small capital who saw that he could save time for people and greatly simplify their problem of getting good seats, and charge a premium which would show him a profit.

With the development of the automobile trailer we may see many new enterprises spring up as men find ways to fit old businesses into these modern caravans and solve the problems of people in smaller communities by taking these businesses to their doors.

There is no reason why a man might not develop a fleet of motorized businesses.

The modern advertising agency was pioneered by a man who realized that the preparation of advertising was a problem to most business men, and the solicitation of advertising contracts was a problem to newspaper and magazine publishers. So he originated a profession, serving both by solving both problems.

In the field of invention, the man who developed the hookless fastener had more than a gadget idea; he had worked out a time-saving, problem-solving device, so universally useful



that it has become a national institution.

The truth is, the public will pay a reasonable price for having practically any of its problems solved or greatly simplified.

If, instead of thinking in terms of some trick gadget to make, or some ingenious scheme founded on clever-

public's needs and then employs his time and energy and any special talent he may have in catering to some one of them.

The difference in the success potentialities of the two approaches is suggested, rather humorously, by a newspaper item about a sidewalk art exhibit in Greenwich Village, New York. The heading read:

"Heavy Sale at Art Show—In Hot Dogs, Not Pictures."

The artists were offering their artistic talents, spread on canvas at

Add a factor of greater timeliness or modernity.

Serve with greater intelligence or a better spirit.

When a man makes up his mind to go into business for himself he is starting on an exciting journey, not unlike a trip through some strange country where he knows little of the language and customs. If he has had no previous experience in a business of his own, he will discover that he knows little of the real meaning of the language and customs of business. Terms he has heard all his life, and perhaps used in his daily work, suddenly develop a reality that startles him when he realizes that he alone has to take the responsibility for his decisions.

### New terms are realities

SUCH simple terms as rent, pay roll, overhead, insurance, accounts payable, sales expense, advertising, collections, bad debts, stare him in the face at every turn as concrete realities. He will marvel that they meant so little to him when, perhaps as an executive or department head, he was helping to run somebody else's business.

In the same way, problems of trade customs, competitive practices, prices and terms, legal restrictions, labor relations, for which somebody else has always carried the ultimate responsibility, suddenly develop a distressing way of not staying solved.

These, and not one's name over the door, represent the realities of being in business for oneself.

Some of the most common mistakes men make when they go into business are:

They under-price their goods or services.

They fail to appreciate that it costs from two to five times as much to sell and distribute an article or service as it does to produce it.

They underestimate the time it will take to build a market.

They belittle their competition.

They plunge without first testing out their ideas on a laboratory scale.

They start with too much money or too little money.

Of these six mistakes, the last is one of the most common. Do not smile because "starting with too much money" is listed as a frequent cause for failure. It is a serious question whether more business ventures do not end badly because of too much money than because of too little.

Having plenty of capital leads to the careless use of funds and creates extravagance as a habit, which foredooms the most promising business in the world.

Concerning this problem of capital, the excuse most frequently made by



The painters knew art but a shrewd Greek knew more about human nature

ness rather than on the solving of a common problem, a man will study the public and its needs, he will be headed more surely on the road toward a sound business of his own.

Here are some questions for him to ask himself:

What do the people I know need?

What things are they doing that they dislike doing?

What new problems do they face?

How could I save their time for them?

How could I add to their peace of mind?

How could I protect them from something they dread?

What could I make or do for them that would save them money?

There are potential businesses or professions behind the answers to questions such as these.

Unfortunately most men start the other way around. They ask themselves, "What do I want to do?" This works very well for the genius with some special talent; but the ratio of geniuses to average men is small. The odds are with the man who studies the

great pains, but a shrewd Greek by the name of Nick, student of human wants and needs, had set up shop at the curb to sell something he knew the crowd would want, art or no art.

Even though the direction be pointed out to them, some men lack the imagination to create a new type of product or service which will solve or simplify some problem. They can only study what other men are doing and pick a likely field. There is nothing against this approach, except that one is immediately in direct competition with all the well established businesses in that field. But plenty of men have built prosperous enterprises for themselves in fields that already seemed crowded.

### Advantages are necessary

TO succeed in such a situation a man must gain a competitive advantage in at least one of seven ways.

He must:

Make or do it better.

Make or do it cheaper.

Deliver or distribute it more economically.

Package it more acceptably.

Fit it more nearly to people's needs or desires.



men to explain why they do not go into business for themselves is this:

"I'd start in a minute if I had the money."

This is a poor argument for three reasons:

First, there are nearly always bankers or people with money who will venture at least a small stake on a man of good character and a reputation for industriousness who has a sound problem-solving idea and is willing to work hard to put it over.

Second, a man must have the earnestness and conviction necessary to sell himself and his idea to his banker or someone else with money or he is not likely to have the earnestness and conviction needed to sell his idea to the public.

Third, plenty of problem-solving businesses can be started on a shoestring. If a man plunges in with energy and determination, and does every part of the work he can possibly do himself, he needs little capital; he can earn his capital as he goes, and he will own his business when he gets it built. Many of the greatest businesses in this country were started with a few dollars of capital, and a kitchen table or a basement work bench or a woodshed or garret as their setting.

The fact is, shoestring starters are usually surer of success.

### There will be dark days

BUT if a man may safely start a business on a shoestring so far as capital is concerned, he must realize that it takes more than a shoestring of courage and faith and perseverance to keep it going. There will come, almost inevitably, the day when he will stand

looking out the window, admitting grimly to himself that he made a mistake to attempt it; that he will have to call quits.

Perhaps it will be a pay roll he cannot meet. Perhaps the loss of an order vital to the business. Or a fire. Or a strike. Or a lawsuit. Or the ruin of a whole batch of costly material. Or a note due at the bank next morning with nothing in sight with which to meet it.

That will be his hour of testing. If he comes through, he can derive two comforts.

That if it were not for these headache-hours he would have hundreds more competitors because it is these dark hours which drive men out of businesses of their own. And, that starting Fear in the face is the quickest way to master the old she-devil and put her in irons.

Running any business is a process of weathering a series of crises; but, having endured through the first few, a man presently finds himself snorting with a sort of war-horse satisfaction as he goes from one battle to the next.

If a man is really serious about starting a business of his own, here are five ways he can check his prospects for success:

1. Is he thinking of starting a business merely to escape from a distasteful job or situation? If so, he will probably not succeed. Successful businesses are built by men with a burning desire to be on their own because they have an idea that they feel that they just must try out; or because they have conceived some problem-solving product or service which they feel certain no one else in the world can put over quite as well as they can.

2. Does he expect to work less hard or have more freedom than in a job? If so, he will suffer a rude shock if he goes into business for himself. He is likely to have to work much harder, and he will never have a sense of freedom from responsibility. But if he is the kind of man who is likely to make good on his own he will be so intensely interested in his enterprise that he won't even know he is working!

3. Does he habitually live beyond his income so that he is constantly in hot water financially? If so, he does not have the knack for finance that is necessary to the running of a business.

### Must be your own boss

4. DOES he require the discipline or direction of a superior to make him do the things he ought to do and keep regular business hours? The man who cannot sternly discipline himself and manage his own time and activities without the compulsion of a boss is not likely to make good on his own.

5. Does he understand the simple rudiments of arithmetic? If not, let him not go into business for himself, because business is essentially a daily problem in arithmetic—of adding all the expenses and costs, and being able to subtract these from the selling price, pay his taxes, and have a profit left. A man who does not like to figure can hardly expect to be successful, for he will be in competition with other men who are figuring with very sharp pencils.

If you still think you'd like to go into business for yourself, find yourself a problem to solve or simplify, or a definitely better way of doing something—and go to it!

## OPPORTUNITY



Starting a business isn't easy. If it were, men would be climbing over each other in the scramble to start



# Dividends from the Investment

By J. WALTER DIETZ



Modern industry demands unusual skills. This girl operates electrical instruments, figures and types reports

**A**ERICAN business and industry are heavy investors these days in many tax-supported enterprises. One of these enterprises, and one of the few for which the investment is made willingly, is the training of young people to fill future jobs in business and industry. The willingness is quite natural, because industry cannot function without trained workers; and if the schools do not provide this training, industry has to do the job itself.

But, if business and industry put the same amount of money into any other undertaking that they put into public education, they would demand that they get back as much as possible in direct or indirect benefits. Business men might resent the charge if it came from the schools but, among ourselves, we may as well admit that we are partly to blame if we have gotten back from our investment in education less than we put in.

At the additional expense of just a small show of enlightened self-interest in the educational agencies we might get substantially greater returns. We

**IN MANY cities business men and educators are cooperating to develop a system of education which equips students to get jobs and to hold them**

might at the same time do much to dispel some of the current suppositions as to the questionable character of business and its leadership.

It is evident that the time is ripe for business to take an active part in training people for jobs. In May, 1937, under the leadership of Dr. Edwin A. Lee, Director of the National Occupational Conference, superintendents of schools from Atlanta, Baltimore, Birmingham, Houston, Minneapolis, Oakland, Oma-

ha, Pittsburgh, Providence, Salt Lake City, Seattle, Trenton, and Washington participated in a ten day tour of eight cities, in each of which problems involving the relations between school and jobs were being successfully attacked.

These cities are Buffalo, Cincinnati, Indianapolis, Milwaukee, Minneapolis, Newark, Providence, and Washington. At the end of the tour, those superintendents drew up a plan of attack on the whole problem. Then they went home to put that plan into practice.

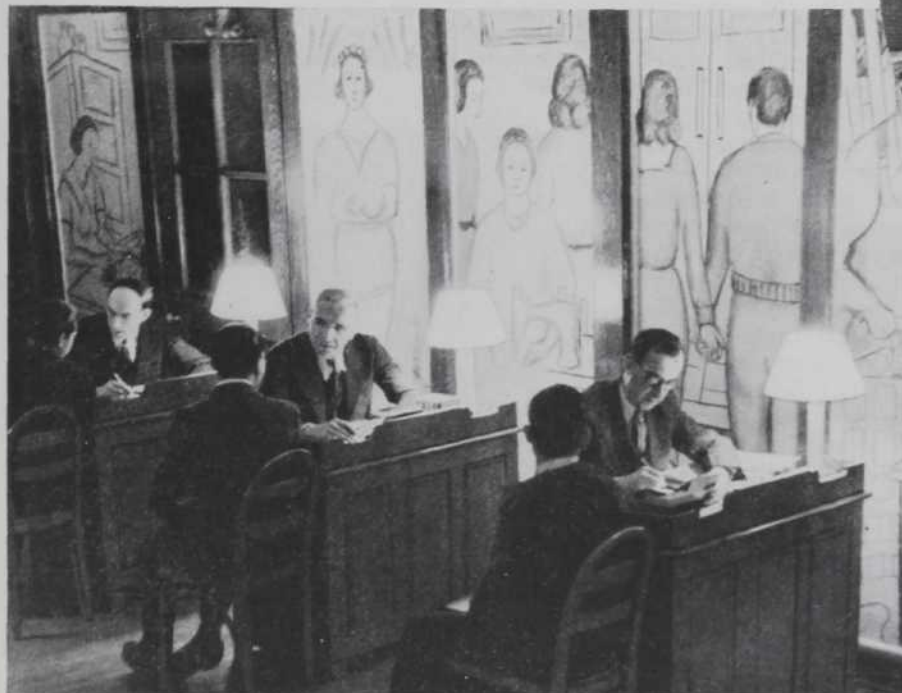
May 1, this year, the superintend-



Some workers must adapt themselves to the operation of specialized machines to carry on intricate assembly operations



# in Schools



Counselors who know what jobs are available and what qualifications they require have a place in the new technique of education

ents assembled again and, in a five-day session, brought the story of their accomplishments together into a handbook on occupational adjustment soon to be published. It will be made available without cost to school superintendents and members of boards of education who request it.

## A plan for education

WHAT was the plan the superintendents took back with them from the tour? Substantially, it was this:

The superintendents agreed that the only solution of the problem they had come together to consider lay in a comprehensive program that would include:

First, leading young people to make reasonable choices of occupations on the basis of knowledge of themselves, of the requirements of various jobs, of the opportunities in various fields.

Second, training these young people for the occupations they had chosen.

Third, helping them get jobs after they were trained and then following them up to check on their progress and help them succeed.

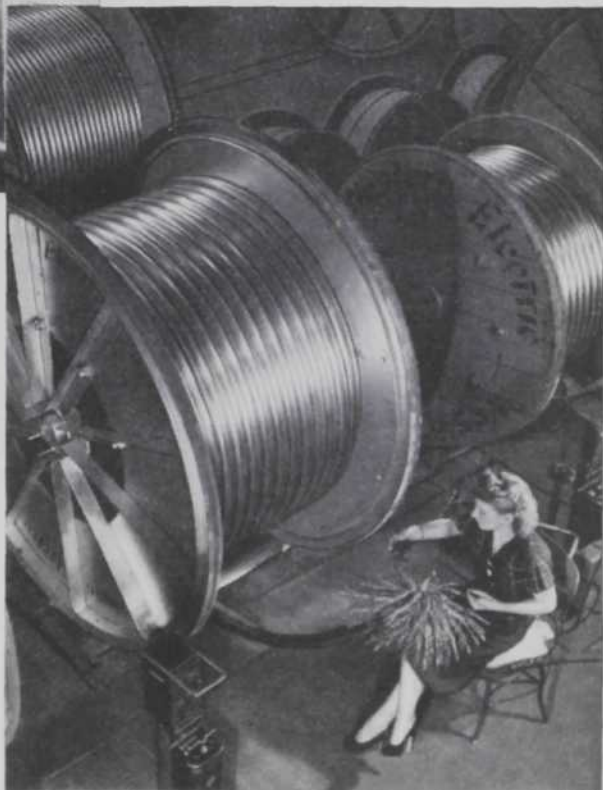
Here was a program which business men could support. In fact, it was so businesslike that many business men must have wondered why the job of drawing it up had been left to a group of "impractical" educators. Here was a program which offered the business man a large return on his investment in the schools in the form of better trained, better adapted, more efficient, happier, and more contented workers. Here was a program that held out to the employer a promise of job applicants who knew about the jobs for which they applied, who were more likely to succeed because they had chosen rather than drifted into them.

A year is a short time in such matters, yet the program which grew out of that "Occupational Tour" has already begun to show results. How great those results are will appear fully only



METROPOLITAN VOC.  
H. S. CAMERA CLASS

Special tests help young people find out what is the work which they are best fitted to do



This job is comparatively simple and yet it is one that cannot be learned in the average school

after the handbook is published. But in advance of that, the Superintendent of Schools in Salt Lake City has already announced that, in cooperation with employers in his community, he has worked out a plan that, within five years, will assure a job for every Salt Lake City high school graduate



who does not go on to college. The Pittsburgh Superintendent has gotten the support of many individuals and groups for a program embracing close cooperation among the Junior Employment Service, the schools, and the employers. Naturally, no plan can be transferred bodily from one city to another, but the idea is spreading.

### Cooperation to help education

NOT that the idea originated with the National Occupational Conference or with those who participated in the tour. Scattered about the country in cities and towns are cooperative programs, operating under the auspices of the schools, of federal and state employment agencies, and of voluntary associations of citizens.

In Denver, the "Opportunity Schools" were attracting nation-wide attention in 1930. Quietly but effectively these schools have been salvaging a large part of what formerly was a social loss in the city's youth.

With business and industrial leaders assisting, these schools have worked out programs for training young men and women, who failed to profit from

requirements that whole courses of training are frequently instituted to prepare students to qualify for specialized jobs found to be opening up in plants, shops, and offices. In addition, a close check on individual progress during training and on the job enables the schools to keep their graduates adjusted to conditions of employment.

In Cincinnati, the University of Cincinnati sends its students out into plants and offices to learn practice and theory hand in hand, adapting the merits of the old apprentice training techniques to the requirements of contemporary technical education. Employers, students, and university officials agree that the plan produces better trained and more technically capable workers than any book, blackboard, and laboratory system ever did. In the Cincinnati public schools is found one of the most efficient organizations for occupational research in the country. Up-to-date information about the community's occupational life is available to all whose work

in the schools has to do with the counseling of students. As a result, school training and the available jobs are correlated.

It would be possible to add to this list almost indefinitely, but the multiplication of examples would serve only to emphasize the point that none of these programs would have gotten beyond the stage of academic discussion had the business men not been behind it.

Find a guidance program that works, and you will find close cooperation between business and the schools.

Find a community where youngsters  
(Continued on page 70)

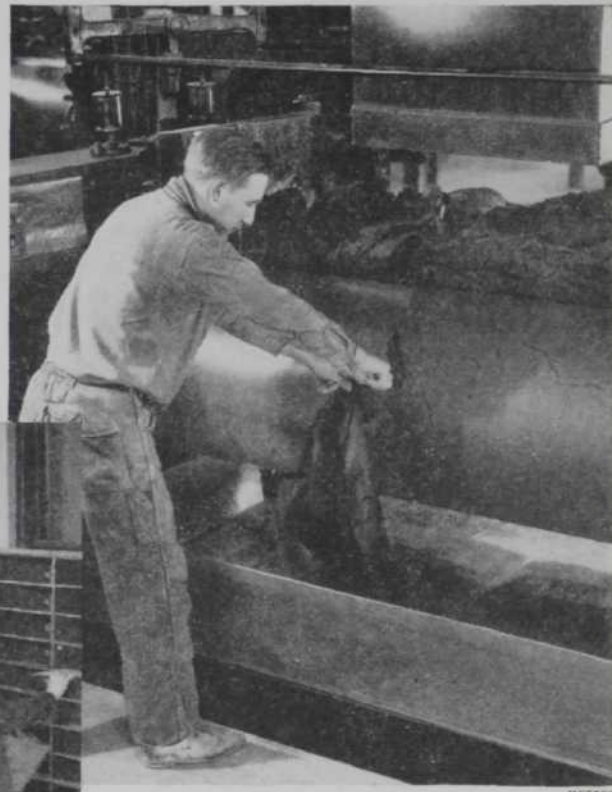


TECHNI PHOTO STUDIO

traditional school instruction, in useful and profitable skills as well as in desirable citizenship qualities.

In Milwaukee, the vocational schools have worked with employers to adapt school training to the needs of industry. An unusually well developed follow-up system makes it possible for the authorities to help every graduate to find contentment in his job and to work efficiently at it.

Remarkable adaptability of instruction to changing industrial conditions is also a feature of the Arsenal Technical Schools in Indianapolis. So close is the interrelationship between the school curriculum and employers' re-



METTEE

A school can give knowledge of the basic raw materials but industry must teach how to handle them



METTEE

Many workers in large offices spend all their time either operating machines or doing clerical work (left)

Handling dies which operate to an exactness of 5/100,000 of an inch demands a particular type of worker



# Cutting The Red Tape Off Income Tax Appeals

By HERBERT M. BRATTER

**ALTHOUGH** paying taxes may never become a pleasurable experience, the Internal Revenue Department is trying out a system planned to give the citizen a better break

**O**NLY the approach of the periodic instalment date reminds forward-looking business men of their 1937 income tax returns. Not so the Government, however. Judging merely by past experience, not a few of the 1937 returns will still be undisposed of in 1940. Such at least has been the experience in the past. But the life history of the questioned income tax return may be telescoped materially if the Treasury's present attempt to decentralize tax-dispute settlement succeeds. In view of the benefits this attempt may bring, it is worthy of careful attention by business men.

But before we examine the new system, let us see how the old one operates. If the taxpayer's net income is less than \$5,000 derived chiefly from salaries or wages, the return is audited by the collector and not sent to Washington. All the other returns, both individual and corporate, are sent directly to the Bureau of Internal Revenue in Washington. There they are either accepted or, if questioned, sent in due course to one of the 38 revenue agents' divisions in the field. In this event, a revenue agent in the office or home of the taxpayer verifies the return and, if no tax deficiency is found, it again goes to Washington for approval. Months may intervene.

If, as often happens, the agent finds a deficiency and the taxpayer agrees, the case is soon closed.

If the taxpayer disagrees, however, he may take up the matter with Wash-

ington headquarters either personally or through his attorneys, or he may later, after receiving a statutory notice of deficiency, appeal to the Board of Tax Appeals. This takes more time. Then, if he does not wish to accept the Board's decision, he may appeal to the U. S. Circuit Court of Appeals, and from there to the U. S. Supreme Court. Alternatively, instead of resorting to the Board of Tax Appeals, he may pay the deficiency and go directly to the U. S. District Court or Court of Claims by filing a claim for refund.

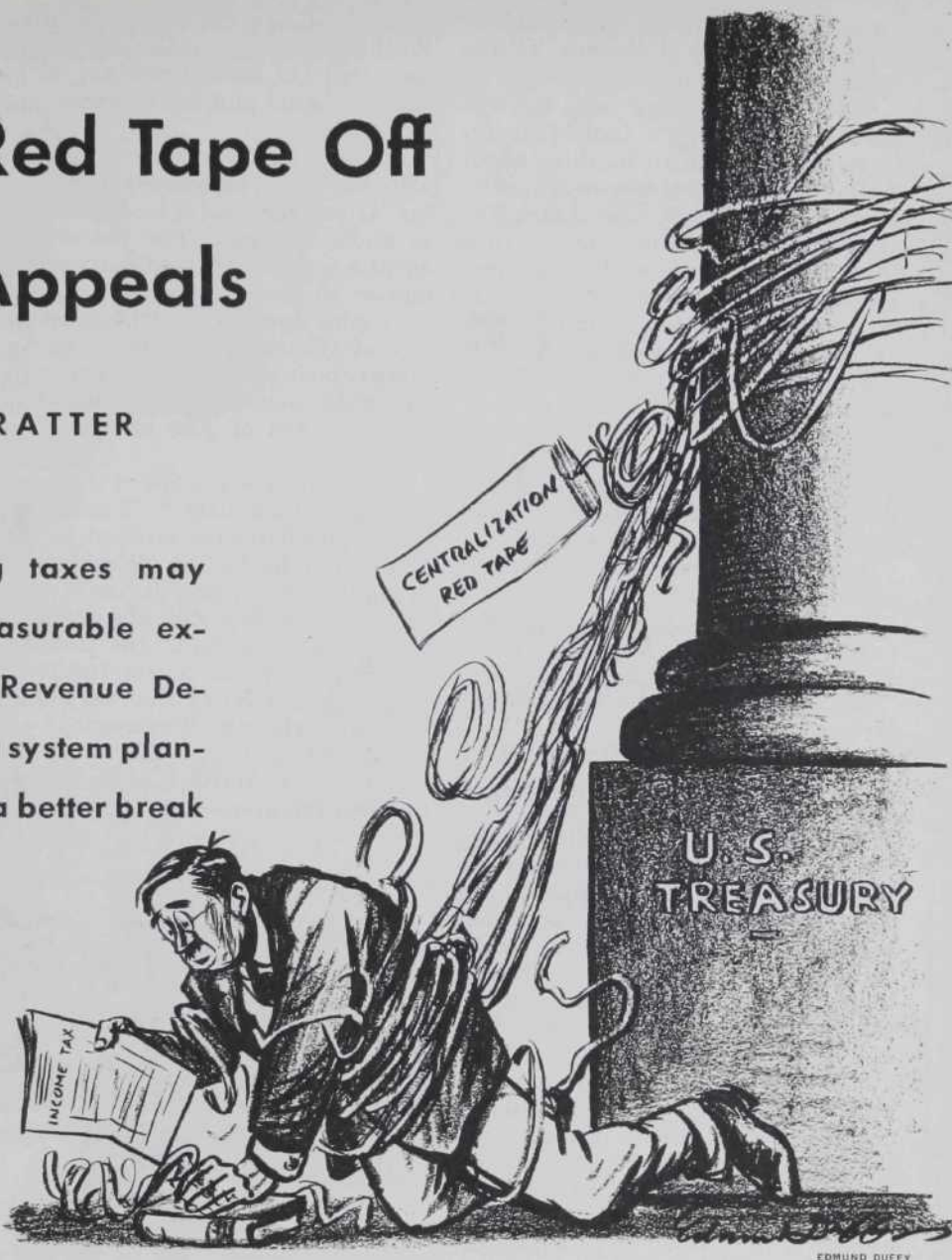
## Many returns must be audited

**EITHER** procedure is likely to be long drawn out and costly. Thus, apart from earlier returns reopened because of fraud or taxpayers' claims, hundreds of business and individual

returns more than ten years old still are pending at the Bureau of Internal Revenue. How slowly the income-tax mill grinds you may see by the data on returns for the tax year, 1934. The Treasury figures are necessarily approximate, since the published statistics, although detailed, are nowhere all available on a uniform basis:—

1. "1934" returns by small taxpayers (Form 1040A) numbered approximately 2,597,000.
2. "1934" returns by other individuals (Form 1040) numbered approximately 1,649,000.
3. "1934" returns by corporations (Form 1120) numbered approximately 527,000.
4. Total "1934" returns numbered approximately 4,773,000.

Taking just a momentary glimpse ahead, we note that most of these 4,773,000 returns were filed as being non-taxable, only 1,955,000 out of 4,773,000 having been originally as-



Under present procedure, the little fellow rarely can afford the time and expense of contesting a tax decision in Washington



essed as taxable. This fact, however, does not alter the procedure. All the returns must be audited.

We need here follow only the corporation and larger individual returns (lines 2 and 3), totalling about 2,176,000. Most of these were filed by March 15, 1935. By June 30, 1935, examination was concluded on less than 580,000. In the next fiscal year, 1935-36, about 1,359,000 more "1934" returns were disposed of, and in 1936-37, about 260,000 more. On June 30, 1937, about 25,000 unclosed "1934" returns were still on hand.

From 1934 to 1937, 147,780 returns were assessed a deficiency tax. In 143,206 cases, the taxpayer accepted the deficiency assessment, leaving 4,575 "1934" cases in disagreement. (This is quite apart from the 25,000 unclosed returns.) Although only 1,594 "1934" cases had been appealed to the Board of Tax Appeals by June, 1937, the eventual number of such "1934" appeals will be much larger before all are closed.

### Contestants have been handicapped

NATURALLY the little fellow rarely feels like contesting a deficiency assessment in Washington, especially if he is far away. He may suspect that the Government is right. Or, if he feels that he is right, he may realize that he has neither the time nor resources that the Government has. Therefore he settles.

The larger taxpayer is in a better position. Thus, in 1935-36, in cases of deficiency assessments agreed to in the field by individual and corporate taxpayers the average amount per return was \$451, whereas in cases not agreed to the average was \$8,643. In 1936-37 the corresponding figures were \$539 and \$8,214. But even where

a taxpayer has the means to "go to Washington," the uncertainty of an unsettled tax case, disturbing to his peace of mind and his business, may deter him.

Suppose that you are one of those who has been assessed a deficiency tax. If you had had a local authority to whom to appeal from the revenue agent's decision, without carrying the matter to Washington; if you could have gone down to a local representative of Commissioner Helvering and talked about your case straight across the table, would you have made the effort instead of just accepting the decision?

Or, in case you are one of those who did carry the matter to Washington, might you not have profited in time and money by having "Washington" brought to your home city, as it were?

Without in any way abridging the taxpayers' recourse to the Board of Tax Appeals or the courts, the Treasury is already doing that very thing—decentralizing "Washington"—on the West Coast.

Before next March it is planning to broaden the area—first in the moun-

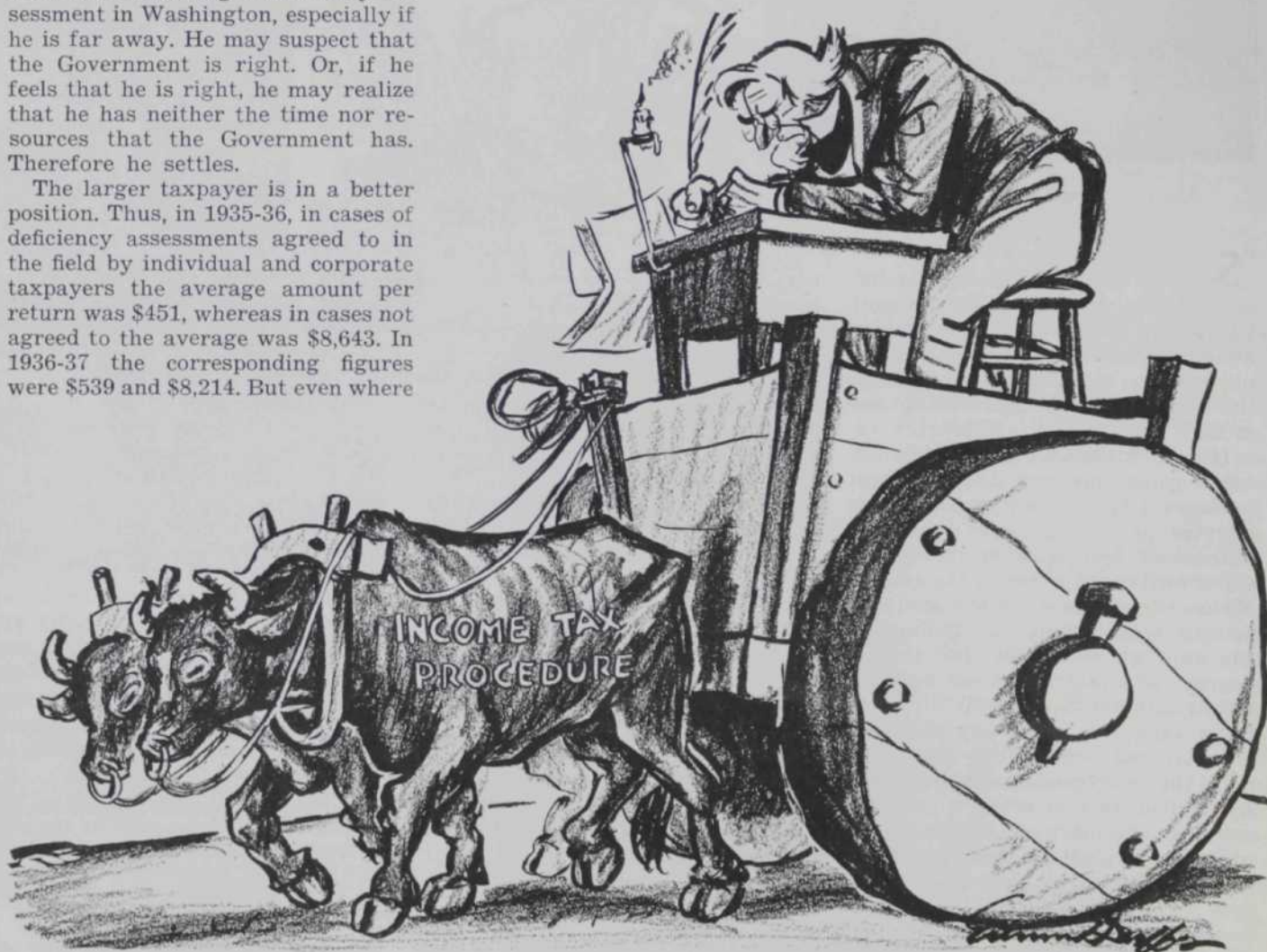
tain states then in the Mid-West and the East.

Necessity is the mother of invention. Partly to satisfy an inarticulate desire of the taxpayer, but particularly because of the obvious need of shortening the processes involved and the time spent in income tax collection, an experiment was started in Cleveland in 1936 and extended to San Francisco and Dallas in 1937. The object was to find the best combination of decentralized administration with centralized supervision.

This Cleveland, Dallas and San Francisco procedure does not involve a large local staff of accountants and attorneys. Its new feature is that it gives the local revenue-agent-in-charge final authority to act for Washington in deciding taxpayers' appeals. This has tended to bring Washington closer to the taxpayer.

But note that in Cleveland, Dallas and San Francisco the authority to settle cases in dispute is, in effect, still vested in the original examining agency. This saves much time. The taxpayer still has no independent ap-

(Continued on page 66)



How slowly the income tax mill grinds is shown by the fact that thousands of returns for the tax year, 1934, have not yet been finally settled



Charles Dunn



Attorney General Cummings has a quality of friendly persistence

"SOME lawyers' minds close up like boxes," said the Attorney General. "Then they stay closed. I remember an old lawyer we used to have in Connecticut who was forever cussing out the 'new practice act.' It became law in 1877."

Homer S. Cummings was discussing the new rules for the conduct of business before the federal courts, as adopted by the Supreme Court and authorized by Congress. They will speed up action in the district courts. No one knows how much action will be speeded but every one admits that the gain will be great. The federal courts have been hampered by rules for civil procedure that actually could be traced back to 1789. Lawyers wore periwigs then. If the courts sat at night the barristers were lighted home by linkboys.

"The old rules had to be changed, of course," said the Attorney General. "They held up progress. Courts are not arenas for the display of forensic talents and tactical maneuvers. The law is for the litigant and not for the lawyer."

At least that is the theory.

"The man in the street knows that, when he instituted a law suit under

the old rules, he was embarking on a lifetime adventure."

The fault has primarily been the lawyer "with a closed mind" who was opposed to change. Such lawyers did not want to learn new rules. They liked to play mah jong on the grand scale with the four winds of heaven. They had lost sight of the fact that the reason why men go to court is in an effort to get justice.

#### Modernization in progress

"WE have been dealing with a state of mind. A psychosis. The legal profession has got to wake up."

Progress has been made. The Supreme Court of the United States has at last been empowered to make its own rules for the conduct of civil cases in the lesser federal courts. Attorney General Cummings hopes that before long the Supreme Court will be authorized to handle its own fiscal affairs also. He would like to see an administrative officer appointed, with a competent staff, who would not only handle the monies of the judicial branch of the Government, but watch the manner in which the district courts are being operated.

# Stream-Lined Justice

Attorney General Homer S. Cummings discusses the new speed in procedure of the Federal Courts with

HERBERT COREY

"Such an officer could gather statistics and information and, by keeping the district judges abreast of modern practice, speed up our slow dockets."

He would be appointed by the Chief Justice of the Supreme Court and be subject to his direction.

"Such an officer could speak to a judge without insulting him."

Mr. Cummings paused a moment: "What could we do today with a lazy judge?"

His answer was prompt:

"Nothing."

The new rules for the conduct of civil cases in the federal district courts have been accepted by Congress and approved by eight of the nine members of the Supreme Court. Chief Justice Hughes said:

For many years the American Bar Association had sought action by Congress to obtain uniformity of federal procedure for actions at law, by conferring on the Supreme Court the requisite rule-making power, similar to the power possessed by the court as to practice in equity cases. But the proposal was strongly and persistently opposed and the final achievement in the passage of this measure is no doubt due to the earnest and persuasive methods of the Attorney General.

Not only will time have been saved



but the proceedings will have been simplified. The jiggery-pokery of legal tactics will have been ruled out of bounds. Legal papers in the federal district courts will be freed of the musty old phrases which have been almost unintelligible to the layman. Under the new rules, a layman could almost draw up his own papers.

Under the old rules, the federal procedure was tied to the stake of inefficiency. Now we can get right to the heart of the controversy. The thousands of old rules have been reduced to 86 and any one can understand any one of them.

If the new plan works well, and I have no doubt it will, it will be followed by the state courts. If it does not work well, the Supreme Court has the authority to make the necessary changes.

The lay mind finds it difficult to understand why the federal courts should have been held up in the matter of procedure by obstructive technicalities. One had assumed that many of the better minds are engaged in the practice of law and that the Supreme Court had authority to shorten and simplify rules. Yet litigation in the federal courts has dragged through a heavy mire of delay.

In 17 districts the trial dockets are in arrears. In three, the time-lag between the joinder of issues and the date of trial is between one and two years. This does not include the waiting period consumed in the preliminary stages of the case before joinder of issues.

### Many cases are delayed

IN THE other districts the trial dockets are said to be "current," but this does not mean precisely what it seems to mean. After the final pleading is filed in a case the trial may be heard at the next term of court if the parties and the court cooperate. The court may have its hands so full that the case cannot be heard.

"Ingenious counsel may be able to postpone actual trial despite the utmost efforts of adversary parties to bring matters to a hearing.

"Sessions of the U. S. district courts are held at 376 different places. At 115 there is only one term a year, at 242 there are only two terms a year, and at only 19 are there more than two terms. At last accounts in seven districts in which the trial dockets were reported as 'current' from 60 to 32 per cent of the pending cases were filed more than two years ago.

"The delay in the administration of justice has been the outstanding defect of our federal judicial system."

In 1789, the thirteen states adopted the English system of pleading, by the passage of the Judiciary Act. This was an entirely natural proceeding,

because the legal profession in what had been the thirteen colonies was predominantly British in mind and training. The Supreme Court was authorized to adopt the necessary rules of practice in the federal courts in equity cases.

In 1841, England abolished by statute many of the follies of its own court system and in 1873 did away with the differences between law and equity cases to permit a simple pleading procedure. After several revisions, our own Supreme Court in 1913 adopted similarly simple rules for pleading in equity cases.

Unfortunately, Congress provided by statute that federal courts must follow the rulings of the state courts in law cases. Although in 1873 England had completely abolished the old Common Law procedure it still prevails in several American states, notably in West Virginia, Florida and Rhode Island, while Illinois discarded it only a few years ago.

### A simplified pleading

MOST of the other states' courts operate under the "code pleading" which was developed in New York about 1850. Between the two extremes are all sorts of hybrid procedures. The result has been that, so far as actions at law are concerned, the federal courts operate under 48 different systems.

"An identical case would be tried under three different procedures in the neighboring states of New York, New Jersey and Connecticut."

This has been absurd and intricate of course but, under the Conformity Act of 1872, the federal courts have been helpless to improve the system. The leaders in the legal profession chafed under it but the smaller fry opposed a change. The lawyer who practiced only within his own state was perfectly content. Many of this group rarely had occasion to enter the federal courts and at least some of them felt they did not want to go to the trouble of learning a new set of rules for that purpose. Those members of the bar with broader vision realized that the law could not progress if such an attitude were to prevail.

Of course, you could never convince a layman that, because the state procedure was cumbersome, the federal procedure should remain cumbersome, but that was frankly the logic of a few. The poor devil of a litigant accepted his sufferings as a part of the mysterious operations of The Law. He did not like them but he could do nothing about it. He did not even know what was wrong.

In 1912, the American Bar Association so far conquered opposition in

its own ranks as to start a campaign for the repeal of the Conformity Act. Congress was asked to authorize the Supreme Court to make its own rules and to free the federal courts from the nonsensical obligation to comply with the rules of the 48 states. The A.B.A. struggled mightily for 20 years, but the home-town lawyers prevailed. Senator Walsh of Montana was their spokesman. He could not see, he said, why the county seat lawyers:

"Should be forced to learn a lot of new rules."

In 1932, the A.B.A. gave up the fight, disbanded its committees and confessed itself licked.

"We've tried for 20 years. We're through."

It is possible that Homer S. Cummings knows more about the rules of politics than did the representatives of the A.B.A. It is also true that committeemen from the A.B.A. had other fish to fry. They could put down their frying pans for a few days at a time, but they could not come to Washington for an indefinite stay. The best they could do was to appear before a committee of the House or Senate, say what they had to say, file a bundle of papers with the clerk and catch the eight o'clock plane for home. Attorney General Cummings is here all the time. He has a notable quality of friendly persistence. He kept on pegging away without the use of woodwinds or brasses.

That is the way he managed to get through Congress the 25 additions to federal criminal law under which the Federal Bureau of Investigation has made such a notable record. The same laws or their equivalents had been asked of Congress for years and the askers managed to get just nowhere. Cummings attended a dinner of a New York Bar Association in 1934 and announced that he proposed to ask Congress to authorize the Supreme Court to revise its own rules. Having in mind 20 years' failure his hearers may have laughed in their sleeves, but, on June 19, 1934, the desired law was signed by the President. It also provides that the Supreme Court may unite law and equity cases.

"Under the old system a litigant might go into one door of a court and find that he had to back up, prepare a new set of papers on the same facts, and start again through another door."

The Supreme Court at once named an advisory committee headed by William D. Mitchell, Attorney General under President Hoover, to ascertain professional desires. A preliminary draft was sent out to 40,000 lawyers, with the request that the recipients

(Continued on page 58)



# Business Men Say . . .



Paul G. Hoffman and James Cleary



C. T. Revere



Thomas C.  
Boushall



W. Howard Cox

**PAUL G. HOFFMAN, President**  
Studebaker Corporation

"We don't need more cooperation between business and government—we need less. Business should set an example of self-reliance—be ready to stand on its own feet and face its business problem. The Government should go back to the task of governing. . . . Viewed ethically, the seeking of special privilege is outrageous, because the competition for special privilege, or succor, or loot, is one of the great threats against the maintenance of the competitive system. Business should go to Washington for one purpose only—to insist that free enterprise be kept free in America."

**C. T. REVERE, Partner**  
Munds, Winslow & Potter

"Exchange—exchangeability—not price, is the basis of economic well being. When mal-adjustments interfere with this process of exchange, we have a threat to prosperity. History will show that worship of the price fetish, tinkering with prices, is the chief cause of these mal-adjustments. Price tinkering with a surplus constitutes the first step on the highway to 'overproduction.'"

**THOMAS C. BOUSHALL, President**  
The Morris Plan Bank of Virginia

"Banking is a mirror of its own community. What helps a community helps banking. No matter how able, efficient, progressive and alert a bank itself may be, if the community is stagnant or receding, the bank cannot long resist such an infection reaching into its lobby and portfolio. Bankers are natural leaders in their communities, but no leader can succeed without facts and figures. Bankers need to know what is going on in their communities; what is making for progress and what for recession."

**W. HOWARD COX, President**  
The Union Central Life Insurance Company

"We have all heard fears expressed by individuals at the huge accumulations of assets by the life insurance companies. These misguided individuals choose to look upon these funds as huge reservoirs of wealth kept for some mysterious purpose. Nothing could be farther from the truth. Millions of families have borrowed money from life insurance companies for the purchase of homes. Agriculture received many millions of dollars when help was not available from any other source. Life insurance funds have played an important role in the development of industry, utilities and the railroads. States, counties and municipalities have been lent large sums for public enterprises. A huge sum has been loaned to the federal Government itself."





Two examples of large-scale building developments handled by private capital. That pictured above is near Washington, D. C., the other, at Greensboro, N. C.



# Let Private Capital Build Houses

By CHARLES F. LEWIS

**WITH every one admitting the need for large-scale housing operations, the Government helps with one hand, hinders with the other**

**A** NEW industry is waiting to be created. It is an industry capable of employing hundreds of millions of dollars annually. It would be able to stabilize year-round employment for a large part of the building trades and competent to make a major contribution to economic and social security.

The present housing situation offers to the American construction industry,

the savings institutions, and to business management the opportunity to build a new kind of blight-proof residential community to be managed on a long-term investment basis. A kind of community in which American families can find a way of living suited to their needs and wants.

The building of large-scale housing enterprises for rental purposes is the industry waiting development. It is necessary to meet the new American way of life which finds a large proportion of our population choosing to live in rented quarters rather than seeking to own homes. The new industry offers new areas for capital investment and opens up inviting fields for completely integrated, nationally

operating, home-building companies that are capable of applying sound management to large-scale construction. Such companies are almost certain to be a development of the comparatively early future.

In past generations capital has been busy building up great enterprises of industry and of transportation. Today, the same opportunities exist in the field of residential construction.

Essentially this will be an investment and not a speculative use of capital and the investment returns to be had now and over a long period of years will compare more than favorably with the experience of industry generally. The results will far surpass those that owners and lending



# Burroughs

## SHORT-CUT KEYBOARD



**ELIMINATES  
NEEDLESS  
OPERATIONS**

### ALL CIPHERS ARE AUTOMATIC

Only on the Short-Cut Keyboard are ciphers written automatically. Thus, much of the work is done without touching a key.

### SEVERAL KEYS AT ONE TIME

Only on the Short-Cut Keyboard can two or more keys be depressed at one time. This saves many needless operations.

### ENTIRE AMOUNTS IN ONE OPERATION

Only on the Short-Cut Keyboard can an entire amount and the motor bar be depressed together, thus completely adding or subtracting the amount in one operation.

*Let the local Burroughs representative show you on your own work what the short-cut method on the Short-Cut Keyboard can actually mean to you.*

**BURROUGHS ADDING MACHINE COMPANY  
DETROIT, MICHIGAN**

2	5.6	0	
	5.0	0	
	4.5	0	
	1	0.6 7	
3	1	5.2 5	
		3.9 0	
		1	0.4 0
6,7	1	2.7 0	
		5.9 0	
		4	8.4 5
		2	5.5
		3	0.0 0
		4	7.8
3	5	0.0 0	
	2	4.5 0	
		1	4.5
		6	0.0
		3	0.6 5
		2	5.0 0
7,6	1	7.3 0	

This tape is a typical example of how thousands of needless operations can be eliminated by the Burroughs short-cut method. The amount 25.60, for instance, was listed and added by depressing the 2, 5 and 6 keys and the motor bar all together, in one single operation, instead of writing one figure at a time. The amount 6,712.70 was listed and added the short-cut way in two operations instead of seven. Thus, the Burroughs short-cut method eliminates needless operations in writing any amount.



institutions have had with residential real estate under the old systems.

Let us look briefly at the two elements of the proposal:

First, a large part of the new residential building should be in the development of large-scale, planned communities built in one operation from the ground up and managed on a long-term rental basis.

Second, the object of capital employed in this enterprise should be, not quick speculative profit, but sound and secure long-term investment yield.

### Advantages of planned communities

THE practicality of both of these principles has already been convincingly demonstrated in practice. At Chatham Village in Pittsburgh—and elsewhere—ample evidence is to be found. These experiences prove that the large-scale planned community, socially integrated and controlled, held in a single ownership over a period of years and motivated by sound purposes, will be secure from many of the perils of invasion that beset the ordinary district of single family homes owned by many separate owners.

Physical maintenance of all properties, under large-scale operation, can be permanently guaranteed. The social quality of the community can be assured. The district can be protected from invasions of undesirable use, regardless of the inadequacy of city zoning systems.

In short, the districts, if large

enough and if wisely administered, can be maintained against neighborhood depreciation regardless of what may happen in other parts of the city. Such districts cannot become obsolete and will continue to be taxpaying civic assets.

No less have the so-called limited dividend companies, from Boston in 1871 to New York and Washington and Pittsburgh today, demonstrated that limited dividend housing pays assured dividends.

Most of the essentials for far-reaching activity in the building of large-scale planned communities on an investment basis are at hand. The market is here, a market probably greater and more eager than any one of us has yet realized. Capital in vast volume is waiting to be put to work. Not in years has five or six per cent with security seemed to be such a generous yield as it does today.

The chief need today is to implant an understanding of the new opportunity and of the new idea in the minds of all those who control the available mortgage credit.

A beginning has already been made through the program of the Federal Housing Administration, quite a different governmental organization from the United States Housing Authority set up to administer the Wagner-Steagall Act. The Federal Housing Administration encourages the employment of private capital by insuring

long-term mortgages on properties built to acceptable standards. Particularly the Federal Housing Administration has encouraged the flow of capital into large-scale housing enterprises.

Near Washington today is a 622-family project patterned after Pittsburgh's Chatham Village and financed by insurance company mortgages insured with FHA. Other and larger projects are completed or under way. One of the leading life insurance companies recently announced that it was prepared to lend \$100,000,000 for such enterprises. Capital is ready, the machinery is ready, and the patterns are at hand.

### Double policy of government

UNFORTUNATELY, in housing, the national Administration seems committed to a policy of undoing with its left hand what it does with its right. Against the elaborate machinery of the FHA, set up to encourage private capital, the Government has established the still more elaborate machinery of the Wagner-Steagall Act to compete with private capital and to frighten it out of the field of housing.

Moreover, the Government has encouraged policies which have skyrocketed building costs to almost prohibitive levels. In the meantime, the Government attempts to circumvent these high costs in its own building by vast subsidies to be extracted from taxpayers' pockets.

After a series of more or less unfortunate experiments in housing through subsistence homesteads and resettlement projects, and through Public Works Administration slum clearance programs, the federal Government has set up under the Wagner-Steagall Act the most clever of the various schemes



Chatham Village, the Buhl Foundation's model housing development on Mt. Washington, Pittsburgh

Old trees and new lawns of the second unit of Chatham Village, photographed three months after landscaping began





"If you insure a man today, he might die tomorrow. And you'd have to pay the face value of his policy. How can you work out life insurance rates when you have to take such chances?"

AH, but no chances are taken.

*Who* will die this year? Nobody knows.

*How many* will die this year? Experience provides a practical answer to that.

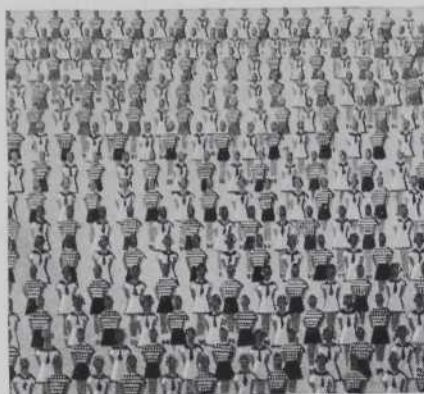
Did you ever hear of a *mortality table*? It is a table that shows the number of people in any given age group who have died each year.

Mortality tables are based on *past* experience and become measuring rules for the *future*. Many mortality tables are available. The selection of a particular mortality table by a life insurance company depends upon its suitability for the group which is insured.

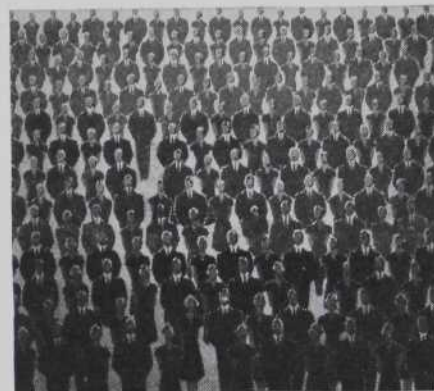
Let us take the mortality table that is written into the insurance laws of most states and see how this table works. What does it show?



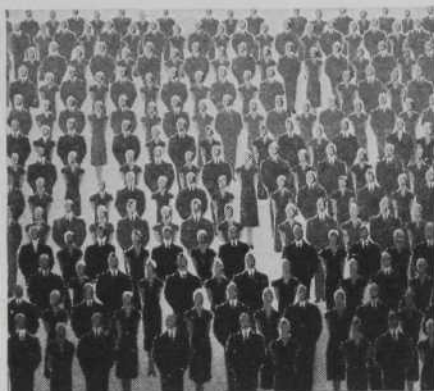
## We don't know who will die — but we know how many



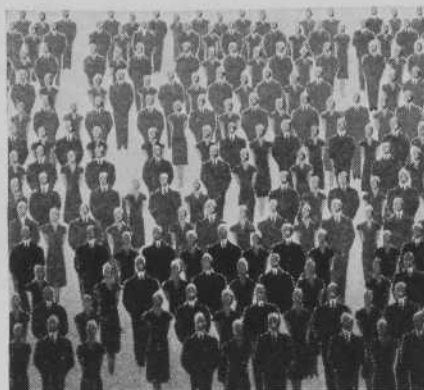
Take 1000 youngsters at the carefree age of ten.



Twenty years later, at the age of *thirty*, this table shows that 146 of these 1000 youngsters will be dead.



At *forty*, life may *begin* for some of them, but according to this table it will have *ended* for 219 of the 1000.



At *age fifty*, 302 of the group will have passed on. 698 will still be alive.



At *sixty*, 579 remain alive of the original 1000.



At *seventy*, 386 remain to refute the saying that man's life is but "three score years and ten."



At *eighty*, of our original 1000 youngsters, there still are 145 left, and at least 8 of them will live to be ninety.

Thus, the number of people who are expected to die each year, according to the mortality table, is an important factor in working out safe and fair life insurance premiums. In mutual or participating life insurance, any saving resulting from the difference between expected and actual deaths is reflected in dividends to policyholders, and this is true no matter what table is used.

*This is Number 3 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of the preceding advertisements will be mailed upon request.*

### Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,  
*Chairman of the Board*  
Leroy A. Lincoln,  
*President*

1 Madison Avenue, New York, N. Y.





thus far devised to introduce European systems of government subsidy into American housing. It sugar coats the pill most attractively.

First of the subsidies is the extension of the Government's credit to permit interest charges substantially below commercial costs. At these low rates the United States Housing Authority may make loans to local housing authorities up to 90 per cent of the development and acquisition cost. Moreover, it may make annual contributions which may run for 60 years which, with cash grants or tax remissions required from local governments, may be applied to the payment of annual installments of interest and principal. Or, the United States Housing Authority and local governments may make outright capital grants up to 60 per cent of the total cost of the project. Furthermore, the formula has been devised for exemption from all forms of local real estate taxes; and the demand for this exemption already is at hand.

The cost to the taxpayers of any

even vaster appropriations of funds.

It is possible to calculate the astronomy of the Wagner-Steagall Act roughly if we are to assume that its plan would be applied to the rehousing of all the 10,000,000 American families who are said to be badly housed. This bill authorizes an expenditure per family dwelling unit of \$5,000, plus the cost of land, demolition, and non-dwelling facilities in cities of 500,000 or more and of \$4,000 per family dwelling unit, plus the cost of land, demolition, and non-dwelling facilities in smaller cities and towns.

### Expensive subsidies

IF we assume roughly an average cost of \$5,000, we find that 10,000,000 homes will cost \$50,000,000,000 upon which taxpayers may be called upon to pay outright as much as \$30,000,000,000 in subsidy to be written off at once, or to pay continuing equivalent subsidies of interest and principal payments over a period of 60 years.

At a time when all governments are

nearly so well housed as the dependent families in the lowest third of the population who would enjoy life in the new subsidized housing. The political pressures would mount rapidly, irresistibly and ruinously. Legislators would be called upon to provide new billions to provide new homes, by subsidy, for ever higher and higher income groups.

However, it is by no means clear that we all agree that the Wagner-Steagall law will reach that lower third of the population which is said to be badly housed. Read the definition:

The dwellings in low-rent housing as defined in this Act shall be available solely for families whose net income at the time of admission does not exceed five times the rental (including the value or cost to them of heat, light, water, and cooking fuel) of the dwellings to be furnished such families, except that in the case of families with three or more minor dependents, such ratio shall not exceed six to one.

Again, let us assume that the average cost per dwelling unit in a city such as Pittsburgh, including land, demolition, and non-dwelling facilities,



One of several new developments near Washington. This one is at Silver Spring, Md.

large-scale building program on this basis staggers the imagination. No one knows how to build urban housing of acceptable standards in the large eastern cities of the United States to rent on a sound, self-sustaining basis for less than about \$10 a room a month. For the Government to attempt to provide enough new housing to care for all those who are said to be inadequately housed will lead us into astronomical calculations of cost. Nevertheless, Congress is certain to face demands for

sores pressed to find cash to meet current bills, the full potentialities of the Wagner-Steagall policy are unpleasant to contemplate.

Even should the Government find dollars of one kind or another with which to house in new housing all present slum dwellers, its job would not be done. One effect of this scheme would be a serious social maladjustment. Millions of families who do not live in slums and who manage to pay their way would find themselves not

may reach \$6,000 per family. The probabilities are that the cost will not be less. Let us assume further that full capital subsidies of 60 per cent will be allowed. It is then clear that the rental which must be charged for five rooms, if the project is to be otherwise self-sustaining, will be \$30 to \$32 a month; and, including light, heat, water, and cooking fuel, the total will not be less than \$36 or \$38 a month.

Under the plain wording of the Act,

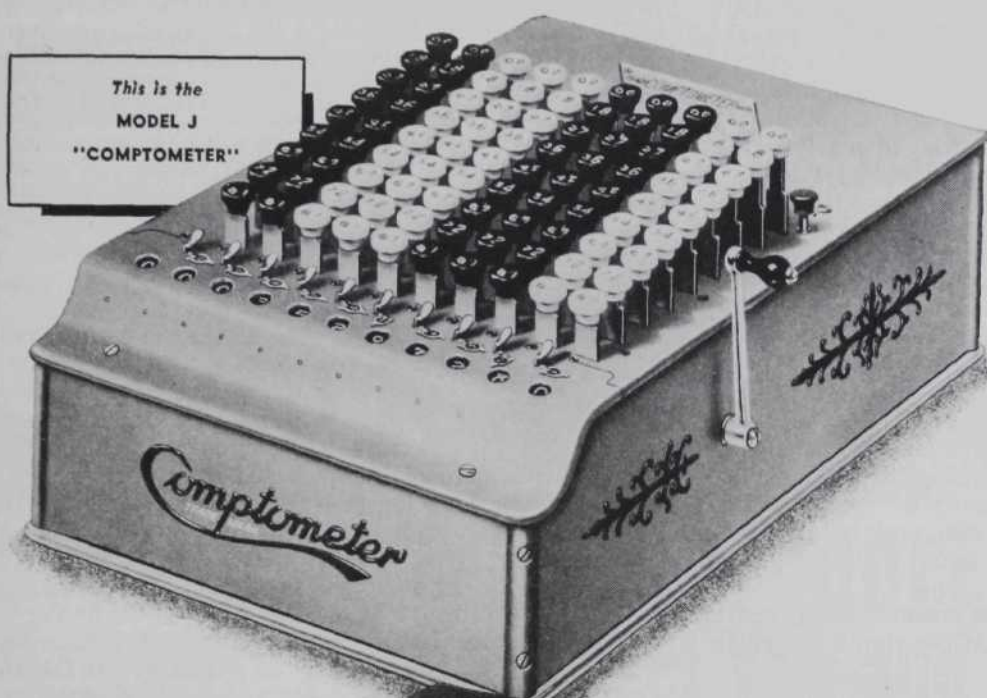
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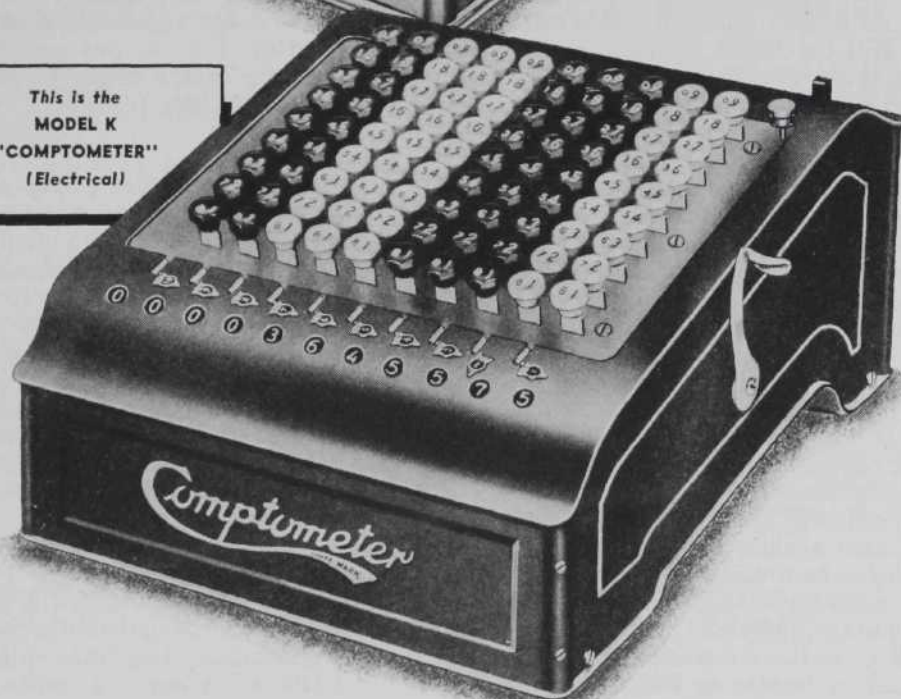
# FIGURES....

# *While they're "HOT!"*

This is the  
MODEL J  
"COMPTOMETER"



This is the  
MODEL K  
"COMPTOMETER"  
(Electrical)



Let's be fundamental. Time is money. "Comptometer" methods save money — because "Comptometer" methods save precious minutes, hours and days in handling figure work.

Nothing mysterious about this — just a matter of increased speed, accuracy and flexibility.

A representative will gladly demonstrate (in your office, on your job) how "Comptometer" methods can save your time and money.

Telephone the local "Comptometer" office, or write direct to Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Illinois.

# COMPTOMETER

Reg. U. S. Pat. Off.



# Washington and Your Business

By HERBERT COREY

## Pour Leather to Him, Cowboy!

ONE of the senators from the wide broken places says the way to break a cayuse is to ride him. "A bronc," he says, "is not susceptible to fire-side chats.

"You got to spur him and holler. By and by he'll hang his head. No fight left."

The senator says that President Roosevelt is not animated by a bitter feeling toward business. A buster, he says, does not hate the bronc' he is breaking. Mr. Roosevelt is merely determined to put through certain changes and he knows the time to do it is when business is hanging its head. There will be no more breathing spells, says the senator.

## Private Owners Get the Hook

SOME frightened but practically mute attention has been given a by-product of but not printed in the four-billion-dollar-come-and-get-it law. That is the statement of Majority Leader Barkley to the Senate that the President had agreed that federal funds should not be allocated to the construction of electric plants in competition with privately owned and publicly regulated utilities if these latter could be bought by a municipality at: "A fair price."

But the President is to fix the price, and that provision was not incorporated in the law because, as Barkley said: "It might lead to litigation."

If this meant anything at all, it meant that the courts are not to be permitted to defend the rights of private ownership.

## Logan's Bill Was Held Up

ON Capitol Hill the belief is held that one reason why Secretary Wallace ran such a temperature about the outrage the Supreme Court committed on him was that he wanted

to head off another and a worse injury. The Court ruled in effect that government departments must give the kulaks fair trials when differences arose. Experience has shown, however, that the average citizen who finds his nose being pushed into the dirt by his government lacks both the nerve and the money to carry on the fight. That Chicago commission agent who won the fight against Secretary Wallace was only able to do so because other injured commission agents ganged up to help him.

## What a Mess It Would Be

BUT, if the Logan bill becomes a law and an administrative court is created, the crippled kulaks could carry their cases against the Government straight to it and thereby

avoid time-and-money-wasting procedures detouring through court houses on their way to the Supreme Court. This is the bill favored by the American Bar Association and urged on Congress by a committee headed by Dean Pound and Col. O. R. McGuire of the Comptroller General's office. The indications are that the farmers' complaints against the Three A's corn and cotton control are growing, and if six or eight millions of them could shortcut their troubles into an administrative court Mr. Wallace's cup would not merely overflow; it would bubble. Therefore, the Logan bill seems to have been sidetracked for the present.

## Some Things They Will Say

COTTON acreage has been cut by 11,000,000 acres, tobacco acreage will be lessened, wheat acreage will be lowered by 30,000,000 acres in 1939, corn acres will be fewer and,

no matter what he may think about the theory, the individual farmer seems to be resenting the lowering of his personal quota. Meanwhile Mr. Reed of New York read into the *Congressional Record* a statement showing that, in 1937, the United States imported 86,000,000 bushels of corn, 17,000,000 of wheat, 371,000,000 pounds of barley malt, 194,000,000 pounds of cottonseed oil, 494,000 head of cattle, 85,000,000 pounds of pork, 92,000,000 pounds of beef, 326,000,000 pounds of wool and mohair, and a lot of other things, and closed with an impassioned demand to be shown. Mr. Wallace's desire to keep his defenses as high as possible seems natural.

## Lèse-Majesté in New York?

THE efforts of the states of Connecticut, Vermont, Massachusetts and New Hampshire to retain control of their inland waters for flood control against federal intrusion for

power production had an unexpected effect in New York. The New York State Power Authority asked the Constitutional Convention to write into the new constitution a clause:

Forever vesting in the people of the state the ownership, control and possession of the beds and waters of the rivers—

That would seem to be in nose-thumbing defiance of the Brown-Casey bill, backed by the Administration, which provides that all the states' rights in inland waters shall be conveyed to the United States. Suppose the New York State Power Authority should refuse to obey the Federal Power Commission? Could the F.P.C. call out the cavalry?

## States' Rights in the Waters

MAYBE the N.Y.S. Power Authority had been reading the complaints made to the House Committee on Appropriations by Nebraskans. Federal money was used in Nebraska to further the three huge power projects sired by Sen. George W. Norris. The results, said the citizens, were not satisfactory. In some places farms were destroyed by seepage and in others the subsurface irrigation on which they had depended was dried up. C. E. Allen, who came on from the little town "advertised by the Union Pacific as the largest alfalfa shipping point in the world," said that if the Norris plan is completed:

We will have a desert. Some call it the Norris desert.

## One of Those Queer Things

A RESOLUTION agreed to by both House and Senate authorized the payment to American citizens of \$2,500,000—marked down from \$200,000,000—for injuries sustained

by them in Mexico, as awarded by the Mexican Claims Commission. Mexico owes the money—we pay it—nothing could be fairer. But the situation is complicated:

"This was in recognition of the fact that when our nationals go abroad they are entitled to the protection of their Government," said an authorized spokesman.

But our nationals do not get that protection. When



# HEAT WARNING!

## TO TRUCK OWNERS



## Read How These New COOLER-RUNNING Goodrich Tires Protect You and Your Profits

• Now you can protect yourself against the dangers caused by truck tires running excessively hot. And HOT is the word for it!

Today's loads and today's speeds send tire temperatures skyrocketing. Inside the carcass you will often find sizzling rubber hotter than boiling water. Temperatures up to 300°. Yet the danger line is about 240°. Higher sustained temperatures make tires "grow," cause blow-outs, premature failures.

Goodrich has licked this problem with a tire that does *not* run dangerously hot—a tire built to withstand the heat generated by heavy loads and high speeds. It's a tire that, on the "blow-out runs," has actually lasted two and three times longer!

### NEW KIND OF CORD!

Engineers invented a new way to make tire cord. They used pure American cotton, processed it to make it more compact, stronger, more elastic.

They call it Hi-Flex Cord because it resists the damaging results of constant flexing. It's an amazing type of cord that can take the sledge-hammer blows of the highway without losing its strength and

elasticity. It doesn't get lifeless like ordinary cord. Doesn't stretch and become longer, permitting the tire to "grow."

This long-life cord makes it possible for Goodrich to build a super-strong tire. Yet a tire that does not depend on thickness alone for its strength. It's a compact tire that runs *cooler*—stays below the temperature danger point.

### PRACTICALLY ELIMINATES SIDEWALL BREAKS

No wonder we can say that this new tire practically eliminates sidewall breaks! For Hi-Flex Cord, combined with two other great Goodrich developments, provides Triple Protection. No other tire gives you these three features:

- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

And here's proof of how good these tires really are. They have been run on

tire-killing truck jobs where other tires failed—tested on high-speed cross-country bus runs. And the revolutionary new Goodrich tires actually ran two and three times longer than the best tires used before!

### NO EXTRA COST

You can now get these *same* tires for your trucks. Use them on any haul. Save on every mile. They are premium-built tires but they carry no premium price. Call a Goodrich dealer or Goodrich Silver-town Store for prices.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES



Bryan was Secretary of State he told our nationals to get out and stay out. They must not expect protection, he said, if they chased the profit motive overseas. Our nationals in China have, at the intercession of the State Department, been given passes so they could go into the interior and see where their factories had been burned.

## Life Lines of Coal Miners

THIS department believes that if the Bituminous Coal Commission, in which sweet peace now reigns for hours at a time, were to speak its collective mind it would say that:

The coal mines must be nationalized. The operators cannot agree among themselves, if they did agree the antitrust laws would be called on to put a stop to such nonsense, and if they do not agree they will be ruined by the competition of federal hydroelectric projects, plus natural gas and oil.

If the mines were nationalized and John L. Lewis continued to be the Master of the Miners, his political voltage would be stepped up fairly high.

## There's Always a Possibility

THERE is, of course, the possibility that, at some future time, Congress will follow the example of Great Britain and forbid the use of money collected as dues from trades unions

being spent for political purposes. Some of Mr. Lewis's miners are complaining about his use of their money in boosting the C.I.O. and in loans to politicians. For the present, however, it is a pleasure to report that Mr. Lewis's new office in what used to be the University Club when university men were still able to pay dues is practically knee-deep in oriental rugs.

## Committees Can Make Good

PRESIDENT J. J. Pelley of the American Association of Railroads told the Senate committee considering the proposal to establish a national council of business, labor and

agriculture to advise Congress and the President that: "It's an ideal idea but probably not practical."

Perhaps he had in mind some of the advisory committees that come to Washington from time to time and are cut down like the grass of the field. When George L. Berry was Federal Coordinator his technique in cutting down was simply wonderful. Berry could roar from any position.

## But the Soc. Sec. Committee Works

YET the advisory committee called to advise the Social Security Administration has worked like a team. It began with the frank understanding on both sides that the Social Security law is not what it should be, and the committee

and the Social Security administration have worked together, not merely in harmony but with enthusiasm. Every man on the Committee is a Big Name and every man's time is mortgaged down to the last minute, and yet, with a few exceptions, the committeemen have been on the job. The list of amendments to the Social Security law which will be presented to the next Congress is one result of their labors.

## Hard on the Head Hunters

AT this writing, the revised O'Mahoney resolution providing for a \$500,000 appropriation for an investigation of monopolies has been held up. One reason is that it would

handicap the headline hunters. O'Mahoney's resolution provides for an eleven man board taken from the two houses of Congress and certain federal departments, and its operations might rise above the ethical level established by some recent inquiries. It might even develop facts instead of getting on Page One.

## "Keep Upper Lip Stiff"

WHICH recalls that "Jim" West, once upon a time in publicity for the Republican national committee, has organized first aid for business men threatened by senatorial quizzes:

"Don't let them bully you," is the gist of Mr. West's advice, as reported to this department. "Answer questions truthfully and fully, but do not submit to insults."

Bishop Cannon might be called in as emeritus instructor. A congressional committee once tried to bully him and before the session ended its members were, metaphorically speaking, hiding under the bed.

## Business Can't Buck Government

A SPOKESMAN for the sand and gravel industry says it is being destroyed by the WPA.

"We can sell the WPA sand and gravel for less than they can dig it," said he. "But they say they are not interested. 'All we want to do is to put men to work,' they tell us. So our men are losing their jobs."

## Isn't This Fun for Jim Farley?

IT WAS Tommy Corcoran who coaxed the Administration to conduct a purge of those members of Congress who opposed the court and reorganization bills. National

Chairman Farley opposed it. He called attention to the unfortunate result of Mr. Corcoran's interference in the Passamaquoddy muddle. However, if things go wrong Mr. Corcoran can always fall back on his ukelele.

## Reorganization Bill Coming Up

THE reorganization bill will be brought up in the next session of Congress and, as a lover of indoor sport, this department hopes that Acting Comptroller General Elliott

will tell the inner story of his disagreements with Treasurer Morgenthau. At present he has only said that some of the Treasury's methods are inefficient and extravagant, but when he tells a story he sometimes uses gestures. He once threw a book at "Tom" Blanton of Texas on the floor of the House, and although Mr. Blanton was usually full of vitamins he did not throw it back. Next day William Howard Taft chuckled into Elliott's office:

"Thought I'd come over and offer you the protection of the Supreme Court," he said.

While he was in the House he put through bills for the construction of the new Supreme Court building and the Memorial bridge.

## Just What and Why is N.E.C.?

QUESTIONS were asked on Capitol Hill about the National Emergency Council. It was dead for a time. Then the tomb was clawed open and Lowell Mellett was placed in charge.

He was a war correspondent and a managing editor, is gray, handsome, alert and one of the elect Before Chicago. He has never been a politician, and suspicions that the N.E.C. is to get into politics can only be placed on file. The N.E.C. now has money and an organization and, so far as can be shown, is intended to be a point of contact in the states between the swarming other organizations. It is, of course, a fact that a campaign is now going on and that the Senate bluntly refused to forbid officers of relief organizations to take part in it.

## Two Things to Credit of N.E.C.

TWO things N.E.C. did well even during the period when it was practically moribund. Under the direction of Mrs. "Casey" Blackburn it read 400 newspapers a day and placed on important desks a neatly mimeographed digest





**BUSINESS GIRL — 1938 MODEL** — Office manager Olive Tucker keeps disarmingly calm despite nerve-nagging phones, buzzers, interviews. "If anyone needs healthy nerves, I do," Miss Tucker smiles. "That's one reason why I smoke Camels. They

never get my nerves upset." Later—much later—Miss Tucker skips to the roof-top gym for a quick work-out. Next—shower—rub—a Camel—and she's off again! Tired? Miss Tucker's answer: "Camels give my energy a refreshing 'lift.'"

Cigarettes may *look* alike—but what an appealing difference there is in Camels!

As a smoker, you'll be interested to read what Miss Tucker, successful young office manager, said to Miss MacGregor about the difference between Camels and other cigarettes (at right).

**WELKER COCHRAN**, who has won many championships at billiards, says about his choice among cigarettes: "Camels give me real smoking pleasure. Under the strain of a championship match, Camels never make me feel jittery or unsure of my 'touch.' 'I'd walk a mile for a Camel' too!"



Camels are a matchless blend of finer, **MORE EXPENSIVE TOBACCOS** —Turkish and Domestic



"Olive, do you always serve Camels because you feel that there's a big difference between Camels and other cigarettes?"



**THERE ARE LOTS** of Camels around Miss Tucker's living room. Miss Tucker says: "Camels are the favorite with my guests and are delightful for topping off a meal. I smoke Camels 'for digestion's sake.'"

"I'm very glad you've brought that question up, Helen. I've tried many kinds of cigarettes, and I'm amazed at how *different* Camels are. Camels are extra-mild—they never bother my throat. And Camels taste good, yet never leave that 'cigaretty' after-taste. In so many ways, Camels *agree* with me."

**PEOPLE DO APPRECIATE THE COSTLIER TOBACCOS IN CAMELS**

**THEY ARE THE LARGEST-SELLING CIGARETTE IN AMERICA**

Copyright, 1938, R. J. Reynolds Tobacco Company, Winston-Salem, N. C.

**ONE SMOKER TELLS ANOTHER**

**"CAMELS AGREE WITH ME!"**

"You bet Camel is our choice of cigarettes," say these tobacco planters—and they *know* tobacco because they *grow* it!



Mr. George Crumbaugh, well-known planter, had his best tobacco crop last year. He says: "Camel bought the choice lots—paid more than I ever got before. Camel's the cigarette I smoke myself. Fact is, most planters favor Camels."



"I know the tobacco in various cigarettes," says Mr. Beckham Wright, 19 years a grower. "Camel got my choice grades last year—and many years back. I know Camels are made from **MORE EXPENSIVE TOBACCOS.**"



Last year, Mr. Walter Devine says, his tobacco brought highest prices. "Camel took my best lots," he says. "Other planters also got top prices from Camel for choice grades. I'm partial to Camels. Most growers here are too."



SHE LIVES! . . . because of a "Miracle Light" that  
**MADE LIFE *Safer* FOR MILLIONS**



Thousands of children and grown-ups are alive and well today because Wilhelm Conrad Roentgen discovered the X-RAY—a ray which would penetrate the human body! In the hands of medical science, this X-RAY performs miracles in diagnosing and treating many ailments.

*. . . TO MAKE LIFE **Safer** the Sealtest System of Laboratory Protection works constantly with Public Health authorities to improve the quality and safeguard the purity of milk, ice cream and other dairy products.*



**T**HE milk that children drink, the ice cream they eat, the dairy products that are served in the home: To improve their quality and assure their purity is the aim of the Sealtest System.

This laboratory system was formed by an affiliated group of leading dairy and ice cream companies. It employs some of America's foremost food scientists and operates more than one hundred laboratories.

In thousands of communities the outstanding milk and ice creams are those produced under Sealtest supervision. Those products bear the red-and-white Sealtest Symbol as evidence of Sealtest approval.

To millions of families this red-and-white Sealtest Symbol is a buying guide . . . an added assurance of quality, purity and wholesomeness in dairy products.

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 Sealtest, Inc.

*The Sealtest System of Laboratory Protection and its member-companies are under the same ownership*



which told its owners just what the editors thought of the New Deal. Didn't pull any punches, either. It also operated an up-to-the-minute information service, equipped with a loose-leaf encyclopedia, which helped the inquirer to find out almost anything he wanted to know about the Government and its activities.

### Bug Under This Chip

THE title of HR 9659 indicates that it is a mild amendment to the law of 1916 under which the Census Bureau operates. But nowadays one reads proposed legislation with the aid of fluoroscopes. Scrutiny of 9659 seems to show that the Director of the Census may demand as often as once a month information BY WIRE on almost anything. And if the interrogated business man does not make it snappy he may be threatened with criminal prosecution. Trade associations cannot order their members to send in information by wire "or else." They have to say "pretty-please." Sen. Josiah W. Bailey as chairman of the subcommittee in charge has held up consideration of 9659 until he hears from those interested.

### "Rise Up, Sir Stuart A. Rice"

THIS is a small accolade, or something, for Dr. Stuart A. Rice, chairman of the Central Statistical Board. The C.S.B. has no actual authority except to require government bureaus to tell it what figures they propose to ask next from the citizens. But the C.S.B., having obtained this information, can hold its nose, and that gesture has been successful in stopping 100 out of 900 schedules submitted this year. By presidential direction Dr. Rice and the C.S.B. are preparing to report to the next Congress on how the torrent of questionnaires can be held up at the source.

### Bedside Manner Calms Them

IT was not physical force the C.S.B. used on the WPA to prevent its enumerators flocking to train platforms in New Jersey to ask this question of panting commuters:

"What did you have for breakfast this morning?"

Many an engine driving wheel would have slipped on a bloody rail if that questionnaire had been ok'd.

### This Way for High Finance

A FEW assorted financial items: The Government's investment in hydroelectric power is now more than \$1,000,000,000. Utilities would spend more than \$1,000,000,000 in improvements and extensions this year if they were not afraid of the Government's policy. They pay taxes, too.

The Administration has proposed a plan by which states might evade the tax limits fixed by their constitutions.

Chairman Eccles of the Federal Reserve Board has proposed a plan that might lead to the nationalization of commercial credit and private savings accounts.

Senator Bailey told Treasurer Morgenthau that "if the banks fail to subscribe to the Government's bond issues the banks and the bonds will go down together."

An old man died out West in a room packed with the repudiated bonds of European countries. He still looked on himself as a millionaire.

### How a Good Banker Does It

THE reports that Chairman Leo T. Crowley of the Federal Deposit Insurance Corporation and Chairman Jesse H. Jones of the Reconstruction Finance Corporation do not see eye-to-eye over the granting of bank credit to business

men seem unfounded. Recently Crowley told an association of bankers that he hoped:

They would conduct their affairs conservatively so that the improvement in banking assets may be preserved.

As chairman of the National Bank of Commerce of Houston, Mr. Jones reported to the Comptroller of the Currency on March 7 that his bank had \$37,600,000 deposits and \$44,600,000 resources, \$8,350,000 in loans and discounts and \$22,285,000 cash on hand. Mr. Crowley should be pleased.

### "Say It Ain't So, Mr. Wallace"

A STORY from Louisiana says the graduating class of the Louisiana State University mildly razed Secretary Wallace when he addressed them. Mr. Wallace was perturbed.

"Remember that the Government pays for your education," he is reported as having said.

A boy on the middle aisle put up his hand:

"Who pays the Government?" he asked.

This department cannot believe that.

### This Question is Ruled Out

WHAT would have happened in March, 1933, if instead of closing all the banks in a so-called holiday the Government had announced that it would be responsible for all banking indebtedness up to the close of business on March 15? The query is suggested by the report of the Comptroller of the Currency, which shows that, from March 16, 1933, to the close of business on April 30, 1938, 1,028 receiverships had been liquidated at a cost of 7.33 cents on the dollar. Nothing can come of this question except some profitless wrinkles.

### Is This the True Story?

NO one believes that some one slipped into a pile of papers presented to President Roosevelt for signing one which bore this device:

The Bureau of Foreign and Domestic Commerce is hereby transferred from the Commerce to the State Department.

Of course no one believes it, nor that he signed it without reading. This department will not bother to give the reasons why no one believes it, but merely makes the flat statement that no one does.

### Love and Kisses From Uncle Dan

IF the story were true, however—and of course it is not—it might account for that unprecedented display of temper by Secretary of Commerce Roper, who actually wrote a letter which might have been taken as an offer of resignation if held in a certain light. If State got his bureau away from him, Uncle Dan got it back, which brings to mind an odd history. The first thing he did when he became Secretary was to rip the Bureau of F. and D. apart. Foreign trade advisers came home in such numbers that there was some talk of applying quota restrictions. Then Roper learned that business needed and liked the bureau and began to set it up again. The State Department for a long time has tried to get it away from him. But no one believes the scandalous story narrated in the preceding paragraph. Not even Uncle Dan.

### Will Canada Refuse Money?

GRAPEVINE reports from Canada indicate that President Roosevelt's offer to advance the money to Ontario for the payment of a part of the proposed St. Lawrence Power development has created political unrest. It is even said Ontario will refuse to take the money. Nothing like that has ever been reported on this side of the line.



# No Business Can Escape Change

**Change unceasingly brings both new competition and new aids to business**

**1 •** A NOVEL screw accurately transfers center hole and drill circle from the drilled holes of a finished piece of old metal part to a new blank. The screws, of several sizes, have heads and shoulder supports uniform so that markings are all transferred evenly.

**2 •** A REEL on a vacuum cleaner handle of unusual type winds up the surplus cord automatically, feeds it out as required. It is said to eliminate dangling wires, tripping over cords, and tangles.

**3 •** A SIMPLE automatic voltage regulator for control of small A. C. or D. C. generators has no vibrating contacts and no parts which require frequent adjustment or replacement. It is of the rheostatic type and regulates voltage by changing resistance in the field circuit.

**4 •** A NEW household cleaner for painted and enameled surfaces is said to be particularly efficient and speedy. It not only removes dirt but quickly evaporates leaving no film or streaks. It does not harm anything not affected by soap and water.

**5 •** A SMALL bar for home use, when shut, slightly resembles a radio cabinet 28" by 25" by 52" high. When opened there is an electric refrigerator with large ice-cube capacity and, above, three sets of glasses, mixing devices and other helpful appurtenances.

**6 •** AN ELECTRIC soldering device  $6\frac{1}{2}$ " long and only  $\frac{7}{16}$ " in diameter reaches through wires to solder difficultly reached points. Heating carbons are at the tip and draw current only when in contact with the metal. It uses a low voltage drawn through a small transformer, yet heats almost instantly.

**7 •** A NEW pick-proof lock has a cross-shaped key and key-hole with four sets of tumblers working in different directions at the same time. It is also available with two interlocking keys so that both keys must be used to open the lock.

**8 •** A NOVEL hot-weather device is designed to keep perspiration out of the eyes and off the glasses during hot work or sports. It is a long narrow synthetic sponge which is held on the brow by a rubber band threaded through its ends.

**9 •** A LIQUID measuring device replacing the cork in a bottle rapidly measures and delivers an exact ounce of liquid. It fits any bottle and, it is said, will pour 16 accurately measured drinks in one minute.

**10 •** AN INGENIOUS needle allows tags with string loops to be "sewed" to garments or fabric. The needle has an opening in the eye through which the tag string slides easily. The needle and string are passed through the material, the string looped, and the needle eye is disengaged from the string.

**11 •** A NEW line of lead-tin solders has improved tensile strength, up to 9500 lbs. per square inch, and slightly lower melting points.

**12 •** A NOVEL economical Ben Day substitute is applied by the simple stroke of a lead pencil over a laminated Cellophane sheet. It is not only cheap but faster, and the artist can visualize the effects before making the transfer.

**13 •** A HEAVY duty transformer and rectifier for charging railroad type batteries from 220 volt three-phase A. C. lines has a rated output of 100 amperes and an automatic relay to reduce the charging to a safe rate when batteries are low or line voltage high, also other features to make for fool-proof operations. It can be mounted under railroad cars.

**14 •** GROWTH of algae in swimming pools is prevented by a grayish white powder dissolved in the water. The treated water is not colored, does not stain white suits, and is not objectionable to bathers.

**15 •** FOR economically wrapping packages with burlap there is a new tubing which fits objects of several sizes without waste of material. The expense of sewing is also saved.

**16 •** A BATTERY charger for floating battery service is self-regulating, maintains the battery at its correct voltage under any load within its rating. It has a full-wave metal rectifying unit, transformer, reactors, and other equipment in one ventilated housing.

**17 •** A SYNTHETIC base for fly sprays, non-toxic to humans and non-staining on fabrics and paper, has been developed. It is said to replace many times its weight of pyrethrum flowers now imported and used in many household insecticides.

**18 •** IN A NEW elastic webbing, the rubber strands are adhered to their yarn covering in such a way that they do not slip after laundering. It does not pucker, maintains its elasticity longer.

**19 •** PUSH button stations that are dust tight and water tight have been developed for heavy duty service where protection from fumes, dust and moisture is desired.



**24 •** A NEW cap for a medicine bottle shows when the next dose is to be taken. A tiny steel ball in a ribbed groove is moved to the hour or half hour mark as a reminder.

**20 •** FOR VACATIONERS envelopes and paper are available in a new form of tablet folio. To prevent crumpling or loss, both paper and envelopes are affixed in separate units to the inside of the folio with an adhesive that leaves no trace when the sheets and envelopes are removed.

**21 •** A NEW machine to keep shop air clean economically draws the air, as a vacuum cleaner, from the vicinity of grinding, welding, or other shop operations and filters it before it is released.

**22 •** AN EYESHIELD for welding, grinding and similar work has a light headgear with a lens frame that swivels up out of the way. It fits over regular glasses.

**23 •** A TABLE lamp providing indirect light casts a rectangular light pattern to conform to desk or table area.

—WILLARD L. HAMMER

**EDITOR'S NOTE**—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



# How a Drop of Solder

inspired one of the most successful and widely used electrical inventions of modern times

*Here is told the exciting story of one of the great achievements of American Industry, a thrilling example of how American ingenuity triumphs over difficulties. In addition, it presents to business executives basic information essential to the protection and better utilization of one of industry's heaviest investments . . . its millions of electric motors.*

An electric motor does not know when to quit. It will do anything under high heaven to move the load put upon it. Even when the load becomes too great, the motor still strains and struggles, drawing current from the line until its windings char and burn, not only destroying itself but disorganizing the operations in which it plays a part.

For more than a quarter of a century the world's engineers wrestled with the problem of a device that would let a motor work up to its limit, but not a step beyond; a device that would protect but would not stop the motor on mere temporary and harmless overloads. Many were the answers through the years, but they were clumsy, expensive, inaccurate or undependable.

Then, one day, a young designing engineer watched a bit of solder melt . . . and freeze again. That gave him an idea. He looked for a metal or an alloy of metals that would have an unvarying melting point, that would hold like a bulldog until that point was reached—and would then suddenly let go!

At last it was found . . . and then a group of Cutler-Hammer engineers worked out its application. They took a tiny bar of metal an inch long, an eighth in diameter. They made a sheath for it, scarcely large enough to permit the bar to rotate inside it. They dipped the end of the bar in the melted alloy, hastily pushed the bar into its sheath. The alloy froze, clamping bar to sheath immovably. When heated the bar would rotate. When cooled, it was rigid.

This was the birth of the now famous Cutler-Hammer Eutectic Alloy Thermal Over-

load Relay . . . in principle just as it is used today to protect millions upon millions of electric motors . . . nearly 2 million in American homes on refrigerators and other domestic appliances, and several millions more in America's factories. But this was only a beginning. Between the principle revealed and a practical, dependable device capable of low cost mass production was a great gulf . . . a gap Cutler-Hammer engineers, alone, have so far been able to span.

The story of the refinement and perfection of the Cutler-Hammer Thermal Overload Relay would require a book. The story of the attempts to imitate it, to duplicate it,

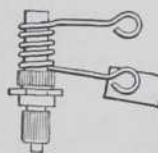
to emulate it would fill another. The story of its manufacture, the tests and inspections it must undergo would fill a third. As a matter of fact, the success of the Cutler-Hammer Thermal Overload Relay—and it is a success almost without counterpart

in the history of Motor Control—is as much a tribute to modern laboratory-controlled manufacturing as it is to the engineering genius that conceived the principle.

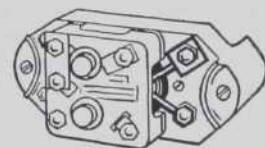
When you think how other methods of constructing a dependable overload device have failed, how *this* capsule mechanism accurately reflects the changing conditions in the motor's windings, and assures the safety of untold millions of dollars of motors and machines and products and profits, you begin to see what an achievement this was, and one reason why Cutler-Hammer Motor Control is respected beyond all others wherever electric motors are used. CUTLER-HAMMER, Inc., Pioneer Electrical Manufacturers, 1251 St. Paul Ave., Milwaukee, Wis.

## Heater Coil Melts Eutectic Alloy

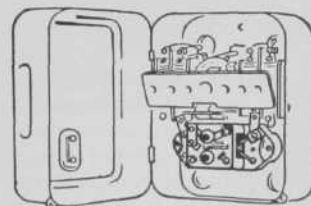
This coil carries the current going to the motor and is so selected that the heating produced is exactly proportional to heating within the windings of



electric motor itself. It arrives at the temperature which melts the C-H eutectic alloy at the very point where heating within the motor becomes dangerous to the motor windings. When this "drop of solder" melts, it allows one part of the unit to turn, which through a mechanical arrangement opens the circuit, stopping the motor. A simple "reset" button restores service . . . no parts to replace . . . no adjustments needed.



C-H Eutectic Alloy Thermal Overload Relay Assembly



Position of overload relay in a typical unit of Cutler-Hammer Motor Control





# MEMO . . .

## for Busy Readers

1 • Spending of auto tourists helps many trades 2 • Labor troubles plague our merchant marine 3 • How to park a car even in the city 4 • The drama of industry, with free admission

### Auto Tourists Ring up Sales

MOTOR-TOURIST expenditures this year will equal, or possibly exceed, last year's total, figured at more than \$4,000,000,000 by the American Petroleum Institute. Effect of tourist expenditures on business is revealed by the estimate that out of each dollar spent approximately 20 cents goes toward transportation expense. Recipients include service stations, tire stores, accessory stores, battery and repair shops, and garages. Another 20 cents is spent for accommodations at hotels or tourist camps. Retail purchases incidental to vacation travel absorb 25 cents more, including clothing, camping equipment, sport accessories. Food takes another 21 cents; amusements and refreshments account for eight cents and six cents, respectively.

On this basis it is estimated that the clothing stores, department stores, sport accessory shops, and other retail stores will do more than \$1,000,000,000 worth of business with tourists. Approximately \$850,000,000 will pass across restaurant and quick lunch counters; \$800,000,000 will pour into the tills of hotels and tourist camps.

Concessionaires at amusement centers, bathing beaches, golf courses, tennis clubs, motion picture houses, and similar enterprises, will sell from \$320,000,000 to \$350,000,000 worth of pleasure. Refreshments along the way are expected to foot up to \$240,000,000.

The \$800,000,000 to be spent for automobile-operating expenses is equivalent to an entire year's business for 38,000 automotive stores, employing a total of 107,000 workers. Nearly 20,000 department, apparel, sporting goods and other stores could subsist for a year on the \$1,000,000,000 tourists are expected to spend this summer for their goods. Number of employees required to handle this volume of business for these stores is estimated at 160,000. Tens of thousands of additional jobs will result from tourist business in restaurants, amusement centers, hotels, wayside stands, and tourist camps.

Nearly \$75,000,000 out of the \$4,000,000,000 estimated total expenditures will go to the tax collector, chiefly in gasoline and other automotive taxes. Tourists, says the Institute, are becoming more fully aware of the tax hitch-

hiker's costliness. Touring bureaus have reported that many motorists are seeking vacation routings which will avoid high-tax states.

### Salty Talk About Ships

FUTURE of the American Merchant Marine will be determined by degree in which private interests turn new legislation to account. So implied Emory S. Land, chairman of the Maritime Commission, in addressing members of New York's Propeller Club.

"If private interests don't build and operate, the Government must," but "the Commission has no intention of encouraging wildcat shipbuilding—small firms and new firms must come in with more than a prospectus and a prayer."

Other highlights:

"We belong in front. We cannot catch up with the procession overnight."

... "the American travelling public which uses ships for business and pleasure is not cooperating as it should."

... "American steamship companies offer service from some of our ports ... that is equal if not superior to that of foreign lines."

... "the poor patronage of American ships can be more or less directly ascribed to the labor troubles which have been plaguing some of our ship-ping."

... "on our new ships our sailors will have the best living quarters in the world."

... "it is believed that all of us can do business with a stable labor organization."

Conclusions:

"We want to do something for domestic commerce, that is, coastal, inter-coastal, Great Lakes and inland waters—do something more than the Act now permits. Constructive suggestions are invited."

"We want shipbuilders to submit bids for ships that are bankable, bondable and buildable."

"We want operators who know their personnel both ashore and afloat; who know their ships at sea and in port; who take pride in operating under the American flag; who will stake their efficiency against their foreign competitors and win out."

"We want American standards of

productivity from both capital and labor.

"We want preventive medicine rather than corrective medicine."

"We want reasoned loyalty from keel to truck, and from truck to keel."

### Helps for City Parkers

PRESSURE of parking and traffic problems is moving solution toward municipally-owned parking space near central business districts. Twenty-five cities reported to the American Society of Planning Officials and the International City Managers' Association that they are providing off-street parking space; six others announced surveys of parking problems with a view toward establishing municipal parking lots. Virtually all of the cities maintaining municipal parking areas reported business men favorable.

Parking fees in municipal lots range from 10 to 75 cents a day, with 25 cents the average fee for all-day parking. In most of the 200 cities surveyed, merchants and business firms provide some sort of parking facilities for customers. San Diego, Calif., provides a large free parking area.

Chicago's lake-front parking space in Grant Park, near the business district, is one of the largest municipal parking areas. Its 2,500 car capacity is being enlarged to accommodate 3,500 cars.

Other cities providing large parking areas include: Brockton, 200 cars; Bay City, Mich., 500 cars; Trenton, N. J., 700 cars; Hackensack, N. J., 700 cars; Eldorado, Kan., 150, and Oklahoma City, Okla., 100 cars.

Methods of acquiring the municipal parking areas varied from utilization of tax-delinquent land in possession of the city to purchasing and leasing vacant lots.

### Open House for Good Will

WHEN industrial production is slowed by dwindling markets, showmanship can do a useful sort of selling by promoting good will and public understanding. Object lesson in point is Western Electric's "open house." More than 3,500 persons passed daily through the company's Hawthorne plant in visiting period.

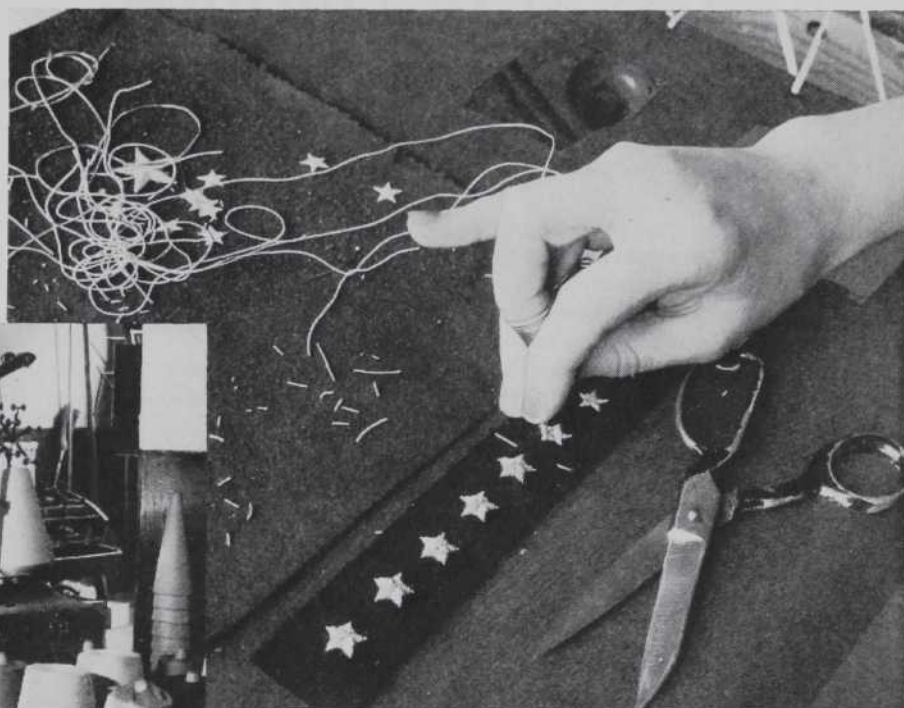
Production of telephone equipment at this Cicero, Ill., unit ordinarily requires 42,000 workers. C. L. Rice, vice president in charge of operations, changed the working hours to 3 p.m. to 11 p.m. and invited the public to tour the plant in the evening and see how telephones are made. Wages of employees were raised ten per cent because of the later hours.

Largest manufacturing plant of Western Electric, the Hawthorne Works, uses nearly 17,000 varieties of raw materials in the 18,057 parts and 5,261 items of apparatus regularly carried in stock. The average weekly production last year included 10,900 combined telephone sets; 69,600 relays, 24,600 subscribers' sets, 6,400 leading coils, 38,400 hand telephone sets, 18,700 calling dials, and 1,300 coin collectors, besides large quantities of other apparatus.



# Business Tends to its Embroidery

It takes four separate machines to wind bobbins for shuttles on the embroidery worker



Gold and silver embroidery is done by hand. The bullion thread is weighed before distribution

PHOTOS BY A. AUBREY BODINE

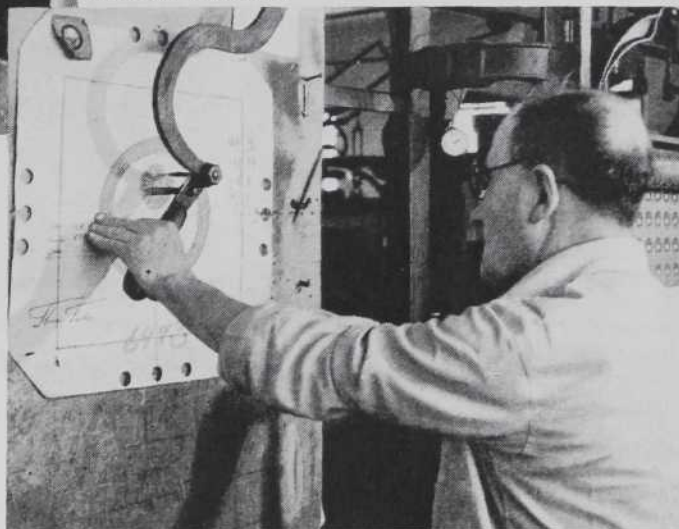
**E**MBROIDERY, mostly associated with antimacassars, doilies, sofa pillows and the like as a fireside art, has reached the stage of a small-scale mass production industry under the guiding genius of a Baltimore manufacturer.

Insignia for the Army and Navy; police badges; school, athletic club and fraternal emblems; mottoes, slogans and uniform decorations for railroads, steamship lines and other industrial concerns, comprise the product of this manufacturing enterprise.

Huge machines averaging 16 yards in length and set upon concrete foundations embedded six feet in the ground embroider intricate designs while operating at top speed.

A device similar to a giant magic lantern is used to enlarge tiny designs which are often no larger than those on a letter head and the image is then copied in its original colors. Patterns are made from this large drawing by skilled technicians who, seated at a stencil cutting machine, follow the lines of the design with a pantograph type of stylus. The resulting pattern is similar to the music roll of a player piano.

The rolls are then placed in the embroidery machine and the needles go to work. The mechanism stops automatically when a change in color of the thread is called for. When a thread is broken the empty needle is re-threaded with the aid of a barbed wire without slowing down the speed of operation. To form the design, the whole massive frame which holds the fabric is moved back and forth by an adjustment so fine that the width of a piece of paper, inserted under any of the cams that control it, would jam the mechanism. Each machine is



The stylus operator presses a clutch on the tracing point at each place that calls for a stitch

capable of operating a maximum of 1,020 needles, for which there must always be a corresponding number of shuttles.

Gold and silver embroidery is done by hand. Army uniform insignia of this type is first cut out of pasteboard and then stitched over with bullion thread.

Among the most ornate of all the designs are those embodying griffins, dragons and other heraldic devices used as adornments on Russian style pajamas. After being pressed, each emblem is cut out, usually by means of a die upon a chopping block and packed for shipment. Remains of Egyptian embroidery as ancient as the days of Jacob still exist, and some of the patterns that were found in King Tut's tomb are being copied today.—STANTON A. TIERNAN



# Speaking of Finance

By EDWARD H. COLLINS

Associate Financial Editor, New York Herald Tribune

TO SAY that the Government has become in recent years more of a planning agency for shaping the economic life of the nation is but another way of saying that the administrative powers of the Government have been greatly enlarged. New governmental corporations and departments have sprung up and the divisions of govern-

ment already established have been given new responsibilities.

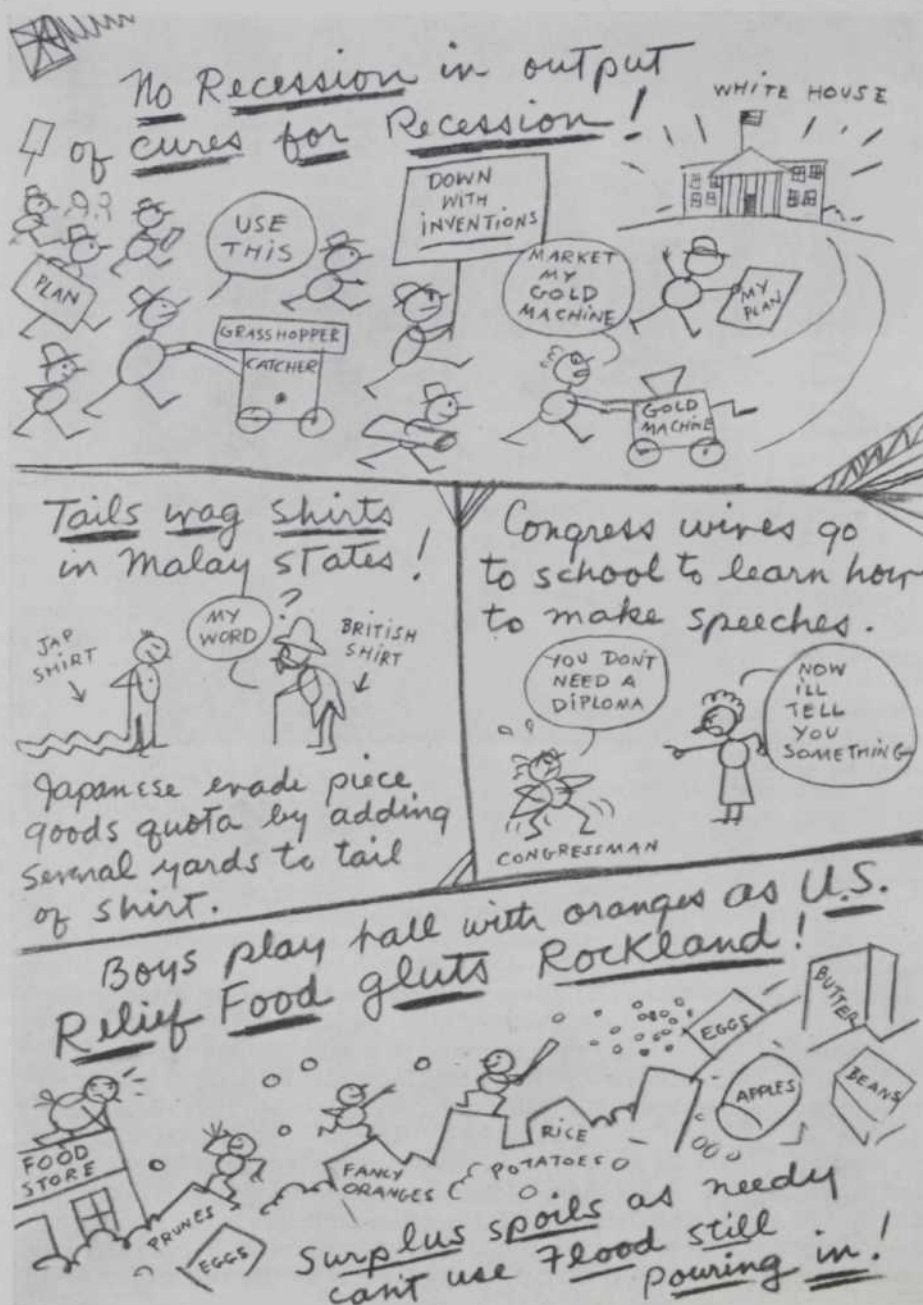
The agencies administering the system of economic controls have been equipped with wide discretionary powers in formulating policies and supervising the details of the programs they conceive. But the powers these agencies wield derive only in

part from specific new delegations of authority by the Congress. They stem also from new interpretations of powers granted long before such great store was laid by planning.

An opportunity is now being afforded to observe just how flexible a word "discretionary" is. With no change in the underlying law, the exercise of these discretionary powers admits of the most revolutionary kind of change in traditional concepts and practices. The basic assumptions on which previous delegations of authority have been made can be discarded without Congress necessarily being consulted again to determine whether the new assumptions are consistent with the legislative desire.

For an example of the truth of this assertion, attention is directed to the efforts that have been made in Washington to unify standards and technique in examining banks. While the principles at issue in the inter-departmental conferences on bank examinations have to do nominally only with evaluation of assets, they concern in a larger sense the whole question of national credit policy and the use of monetary manipulation in influencing the course of the business cycle.

## From a Business Man's Scratch Pad . . . No. 27



### Restrictions on banks

THE lawmakers have not tried to prescribe in exact detail how they wish the banking system to be supervised. The federal banking laws, so far as the details of bank operation go, leave the laying down of standards pretty much to the supervisory authorities. The laws contain only a few don't's. Member banks are told that they cannot make advances to any one borrower amounting to more than ten per cent of their capital and surplus. They are forbidden to make loans on improved real estate of more than 50 per cent of the appraised value of the property, if the debt is not to be regularly amortized, and for a period of more than five years. Loans to the officers of any member bank are regulated. Provision was made in 1933 against excessive loans to borrowers speculating in securities and purchases of common stock.

By and large, the banks can make any sort of loan and buy any kind of bond that the supervisory authorities



## BIG BUSINESS—NO. 6



## How Big Are Corporation Profits?

CORPORATIONS are supposed by some people to make large and even exorbitant profits.

But Treasury Department figures indicate that the return on the net worth of all the 500,000 corporations reporting for tax purposes averaged only 2.07% annually from 1925 through 1935. Even in the prosperous years 1928-1929, the average return was less than 6%. For the depression period 1930-1935 the corporate system as a whole lost 8 billions more than it made. In the best year of the 1930-1935 period the average rate of earnings was below 1%.

Leading corporations in certain industries may be able in good years to do very well, but such good fortune merely offsets the unfavorable years that companies in any industry inevitably encounter. For every dollar of profit that was made by one corporation in the period 1925-1935, some other corporation lost 58 cents.

But how big are the profits of conspicuously successful corporations? In a recent study by the Twentieth Century Fund, figures are given on 40 industrial companies considered outstanding with respect to size and profits for the period 1919-1934.

In no year of that sixteen-year period did the average earnings of these 40 companies exceed 12.4% on total capitalization. The average annual profit for the entire period was only 8½%, and in one year the average profit was 1.4%. From this same study it also appeared that the size of a corporation was no index to earning capacity, and that the best earnings were obtained in fields of active competition.

The return on capital should not be judged by the profits of exceptional companies in especially good years, but by the average results for all corporations over a period of years.

*As bankers for commercial and industrial enterprises, it is part of our responsibility to contribute something to a better understanding of the facts about private business.*

## BANK OF NEW YORK & TRUST COMPANY

NEW YORK'S FIRST BANK • 48 Wall Street, New York • FOUNDED IN 1784

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET



# *What's it cost ALL the*





# *automobile companies to advertise to a Post family?*



## *The right answer is only 2½ cents a week*

SOMEHOW, most people think advertising costs a lot. They're wrong.

Take one of the largest users of advertising, the automobile business, for example. Last year—as in the past twenty-five years—the Post carried that industry's major investment in magazine advertising. In fact, in 1937 automobile advertisers invested in the Post twice as many advertising dollars as in any other magazine.

Last year American families bought more than three million new passenger cars—a tidy *two billion* dollars' worth of business. And what did automobile advertising in the Post cost?

The total cost of *all* passenger car advertising in those 52 issues of the Post—calculated on a basis of only three million families—was about \$1.21 per Post

family . . . 2½ cents a week!

Even the cost to the *largest* individual automobile advertiser was only 13 cents a family for the whole year . . . about ¼ of a cent a week!

You see, an advertisement in the Post is really more than three *million* individual advertisements, seen by many million worthwhile prospects for an automobile. The cost of a series of advertisements to any one of these families is a matter of only a few pennies a year.

How could anyone with a few pennies pre-sell a product more effectively than by advertising in 52 issues of the Post?

\* \* \*

When it costs so little to call on these better-able-to-buy Post families, isn't it pretty good business to call often?

# **THE SATURDAY EVENING POST**



*This fleet owner  
Got his start  
with a small Loan*



*How Household service  
helped one man to help himself*

Some years ago a bright young man got a loan of less than \$300 from Household Finance to start a small coal business. The fellow was ambitious. Under his aggressive management his business grew. Today he operates a fleet of motor trucks.

Household Finance service made it possible for this enterprising young man to borrow the funds he needed to get a start. He had no collateral for a bank loan. His friends had as little money as he. At Household Finance he was able to borrow on his character—on his ability and willingness to earn and repay.

**Loans for those  
without bank credit**

Last year Household Finance made helpful loans of \$20 to \$300 to more than 715,000 people without bank credit. Some of these loans helped the borrowers to increase their incomes. Others provided worthy families with cash to meet emergencies. Still others were used to pay overdue bills and protect the borrowers' credit standing.

To thousands of families Household also gave guidance in money management and better buy-manship—showed them how to get more out of limited incomes. Household's practical publications, specially written by nationally recognized authorities for this work, are now used in more than a thousand schools and colleges.

**Interesting booklets sent free**

You will find the story of Household's money service very interesting reading. Why don't you send the coupon for illustrated booklets now? There's no obligation.

**HOUSEHOLD FINANCE  
CORPORATION and Subsidiaries**

Headquarters: 919 N. Michigan Ave., Chicago  
"Doctor of Family Finances"

one of America's leading family finance organizations, with 233 branches in 150 cities

1878 • Completing sixty years of service to the American Family • 1938

HOUSEHOLD FINANCE CORPORATION, Dept. NB-G  
919 N. Michigan Ave., Chicago, Ill.

Please send me booklets about Household's family money service without obligation.

Name.....

Address.....

City..... State.....

will approve at examination time. What, then, are the terms of reference of the supervisory authorities? The lawmakers have let them use their own judgment. The Comptroller of the Currency is not informed by Congress precisely what is expected of him. He is told that, with the approval of the Secretary of the Treasury, he "shall appoint examiners, who shall examine every member bank twice in each calendar year and oftener if considered necessary."

But he is not told how he shall examine them and, aside from the few don't's, which types of assets he should consider unsuitable for banks to hold. He is told that he has the authority to publish the report of his examination of any national bank which does not comply in 120 days with the recommendations or suggestions he has made. But nowhere in the law is he told what constitutes good banking and what does not.

Similarly in the Federal Reserve Act, the Reserve Banks are told that their examinations of member banks "shall be so conducted as to inform the Federal Reserve Board of the condition of its member banks and of the lines of credit being extended by them." The Federal Deposit Insurance Corporation Act is designed "to provide for sound, effective and uninterrupted operation of the banking system." Nothing is said about accounting principles, nothing about credit policy.

For all the laws show on their face, the examinations made by the Comptroller of the Currency, the Federal Reserve Banks and the Federal Deposit Insurance Corporation are assumed to be conducted with the same general standards and objectives in mind.

That assumption was validly grounded until recently. But now, with a change in personnel in some of the supervisory agencies and a change in the Government's economic philosophy, it is suddenly disclosed that the authorities are poles apart in their views. The laws are substantially the same. The change would come from the side of administration. No longer can it be taken for granted that all of the authorities believe that the nature of bank assets should bear a direct relation to the nature of bank liabilities. The most that can now be said is that some of the supervisory authorities believe the relation should be preserved, while others do not.

The conflicting points of view among the authorities have been nowhere better stated than in a recent address by Mr. Eccles of the Federal Reserve Board, who said:

Banks can assist in restoring prosperity by... adapting the lending functions of the banking system to present-day con-

ditions. Federal and state bank examination policies, as well as the Comptroller's regulation governing investment policy, need to be brought into conformity with changed conditions and modern requirements of business and industry. Bankers cannot justly be held responsible for such restrictive governmental banking policies as to confuse soundness with liquidity or true worth with current depressed market value.

Mr. Crowley, of the Federal Deposit Insurance Corporation takes a different view. Speaking in New York in mid-April, he said:

The belief that bank supervisors are unwilling to let bankers assume legitimate risks is quite erroneous. Those holding the belief in the present instance lose sight of the fact that no risk can be considered legitimate that endangers the safety of depositors' funds... The Corporation has always insisted that the proper order of a banker's responsibilities requires consideration first of his depositors' rights, second, of his stockholders' interests and only then of his borrowers. We shall continue to insist upon that order.

**Examiners have traditions**

PERTINENT, too, was the comment which William R. White, Superintendent of Banks in New York State, injected into the bank examination controversy in May. The present comprehensive bank examination, he said, was the result of nearly a century of development and examiners should not relax their efforts merely to further an easy lending policy.

Mr. White gave the problem its historic orientation by pointing out that present bank examination procedure and standards had evolved from nearly 100 years of experience. Yet the whole body of traditions of the bank examiners' guild would now be scrapped by administrative regulation in the interest of promoting a theory of monetary management for the success of which there is no precedent and from failure of which serious consequences would surely flow.

But if Mr. White placed the current controversy over bank examinations in its proper historical perspective, it was left to Mr. Jones of the Reconstruction Finance Corporation to show the possible outcome of the present agitations. In the course of an address in which he threatened the bankers with nationalization of the banking system if they did not "meet the credit needs of the country" and in which he excoriated bank examiners for their severity in appraising certain types of bank assets, Mr. Jones remarked that legislation was pending in Congress to have the Government take over the Federal Reserve Banks.

"Whatever the outcome," he said, "it is a live subject."

From the juxtaposition of his remarks on bank examinations and



pending legislation it was clear that he felt the banking administrators, if they would only come to a meeting of minds with the Eccles faction, already had the power to achieve the general credit objectives of the pending bill.

The Patman bill, to which Mr. Jones referred, is indeed a live subject. The formal sponsor of the bill has 151 co-operating sponsors, all forming an organization known as an unofficial steering committee for the measure. Introduced in the House on May 25, 1937, the bill has gone along gathering congressional hearings ever since. The vitality of the movement behind it has increased in the past year.

Just as the limits of banking policy laid down by Congress are cloudy and indefinite, so are there few checks which the courts can give to the indiscretions and advanced ideas of the banking supervisory authorities. The Patman bill would give the administrators still broader powers to proceed in the same direction in which, by regulation, they have been heading. The bill would make certain structural changes in the Federal Reserve system, the keystone of which would be government ownership of the Reserve Banks, so as to further a credit policy whose objectives would be to "stabilize and maintain a dollar of uniform purchasing power for the purpose of assuring the kind of dollar which a generation hence will have the same purchasing and debt-paying power."

## Shake Hands with Our Contributors

**YOU CAN'T KEEP** a good man down—nor a legislative body quiescent forever. Sooner or later Congress will do more than merely threaten to assert its old time prerogatives and declare a measure of its independence from the executive arm of Government. Ray Tucker tells how far the Seventy-fifth Congress marched toward its historically dominant position of once more "bossing" legislative matters.

**Mr. Tucker** has been a Washington correspondent and political writer since 1924. He is a native of Massachusetts and author of "Mirrors of 1932" and "Sons of the Wild Jack-ass."

Now is the time to start a business—if you've got the "stuff" to stay with it. But unfortunately few of us have that "stuff." **Robert R. Updegraff** tells why so few of us can make the grade as entrepreneurs. He is an editor and business counsellor,

# How Motorists Earn CASH BENEFITS for Safe Driving



**\$88.02** P. H. Parker, secretary and treasurer, Lowrie Lumber and Supply Co., Detroit, Mich., writes: "When I buy automobile insurance, I want a strong company that can serve me everywhere. Lumbermens gives me that—plus a big savings. Last year my dividend refund on my fleet of cars was \$88.02."

**\$800.00** "I've been insured with Lumbermens for 16 years. I have watched them grow in size and strength and each year I have received a dividend refund. My total savings are over \$800.00."—M. S. Leonard, The Leonard Motor Co., Inc., Ford dealers, Lebanon, Conn.

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**THE SIMPLEST WAY** to prevent loss by fire and crime is to guard against them before they occur. A competent watchman, properly supervised, is the only entirely satisfactory system, as testified by the 80,000 Detex Watchmen's clocks in nightly use.

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**WATCHMEN'S CLOCKS**

NEWMAN \* ECO \* ALERT \* PATROL

a director of the Jewell Tea Company, and author of several books on business psychology.

**Herbert M. Bratter** was formerly senior economic analyst in the U. S. Treasury Department.

**Arthur Coleman** is on the editorial staff of *Holland's* magazine published in Dallas, Texas.

**J. Walter Dietz** is chairman of the National Occupational Conference and Personnel Relations Manager of the Western Electric Company.

**Charles F. Lewis** is director of the Buhl Foundation which developed Chatham Village in Pittsburgh for investment purposes. Chatham Village is one of the better known examples of large-scale, rental projects constructed for medium salaried families. Its typical six-room house rents for \$10.70 per room per month.

### Coming Next Month:

What is the future for independent company unions? Is there a substantial movement toward their formation and what attitude will the National Labor Relations Board assume toward them? Thousands of employers are concerned over this development in labor relations. Next month, John J. Collins, a former filling station attendant who made a comprehensive study of the subject and astounded the Senate Committee on Education and Labor with his knowledge of the problems involved, will tell NATION'S BUSINESS readers how independent company unions are faring.

What good is a college education? One of our contributors examined his own life as a laboratory test. If you have any doubts as to whether or not a college education should teach a man to make a better living, you will enjoy his answers to these questions.

## What Trade Associations Are Doing

**ASSOCIATION ACTIVITIES**, a second detailed survey of the 200 activities of trade associations, has just been released by the Trade Association Department of the Chamber of Commerce of the United States. The first comprehensive survey was made in 1931. The present report is not only a detailed catalog of activities, but also indicates certain trends and the importance of some activities.

The information is classified according to the character of the industry in which the associations are organized—such as manufacturing, wholesaling, and retailing—and the scope of the organizations, that is, whether national, state, or local.

Conventions, meetings, and cooperation with other organizations were recognized as general activities carried on by a large percentage of associations. The ten most common activities in the order of their frequency deal with: Government relations; information service; trade practices; statistics; public relations; employer-employee relations; trade promotion; product standardization; marketing, and taxation. Trade association executives were requested to indicate not only what activities were being conducted, but also the relative importance of each activity, based on the time and money spent.

The order of importance, based on those associations reporting activities as major, is: Trade practices; government relations; statistics; trade promotion; information service; field service; standardization; employer-em-

ployee relations; marketing, and public relations.

Considering the three ranking activities of associations in the manufacturing field, the order of frequency was: Statistics, field service, and trade practices. The order for relative importance was: Statistics, trade practices, and trade promotion.

Activities dealing with government relations, trade practices, and information service were most common in the wholesale field. However, trade practices, commercial arbitration, and information service were listed as the three most important activities of wholesale associations.

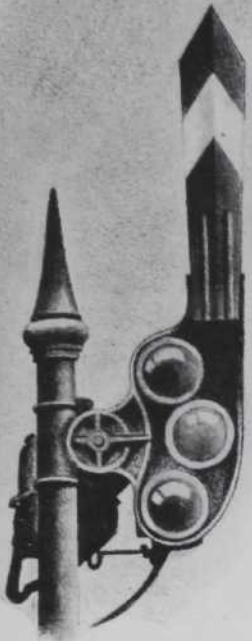
Excluding conventions and meetings, and cooperation with other organizations, the ten most common activities of associations in the retail field, in the order of their frequency, are: Government relations; trade practices; information service; trade promotion; public relations; taxation; commercial arbitration; employer-employee relations; field service, and marketing.

Statistical work, which ranked as first among the major activities of associations in the manufacturing field and among the first five activities most commonly carried on by all associations, is being conducted by an increasing number of associations.

These statistics are based on the reports of 330 trade associations which answered a detailed questionnaire distributed by the Trade Association Department. Copies of the report are available upon request.



# Let's Clear the Tracks



**M**OST people know that the American Railroads today are giving the finest railroad service in the world.

There are in this country now 781 passenger runs, totaling 46,242 miles, made at 60 miles per hour or over, with an unparalleled safety record.

Freight moves faster than ever before. Car shortages have become almost unknown. Freight schedules are the most dependable in history.

Yet the railroads today are confronted with a serious problem. What's the reason?

Is it "high rates"? Most emphatically not. The average revenue for hauling a ton of freight a mile has been less than a cent for the past six years—the lowest rates in the world for comparable service. And average revenues per passenger mile in 1937 were the lowest in history.

Is it "watered stock"? No—the amount of railroad stocks and bonds outstanding is less by billions of dollars than the investment in railroad property; and is less, in relation to investment, than it was thirty years ago, when railroads were at the peak of their prosperity.

Is it an increasing burden of debt? No—the total debt, in relation to investment, is also far less than it was thirty years ago.

Is it an increasing burden of interest charges? No—in relation to what they collect for their services, interest on bonded indebtedness is less than it was three decades ago, when the railroads were making money.

All right, then, what *is* the difficulty?

Simply this: like any individual, the railroads must keep expenses lower than income. But when their income is down—as it is now because of general business conditions—the railroads cannot trim sail in the way an individual or other businesses do.

They cannot shut down like a factory—because they are delivering a service vital to America.

They cannot adjust their rates or "prices" except by permission of public regulatory authorities.

They cannot adjust rates of pay and hours of work—the major element of their expense—except under the provisions of the Railway Labor Act.

Their earnings are limited, their expenses increased by local, state and federal laws—ranging from reduced rates on government traffic, in return for land grants to railroads whose pioneering opened up a wilderness, to the cost of rebuilding bridges when streams are "improved" to assist competing transportation.

So the net of the "problem" is this—the railroads are trying to do business under a half-century accumulation of laws, rulings and regulations which limit earnings and increase costs.

What they most need is a chance to go ahead under regulation and legislation modernized to meet conditions today, applied fairly and equally to all forms of transportation.

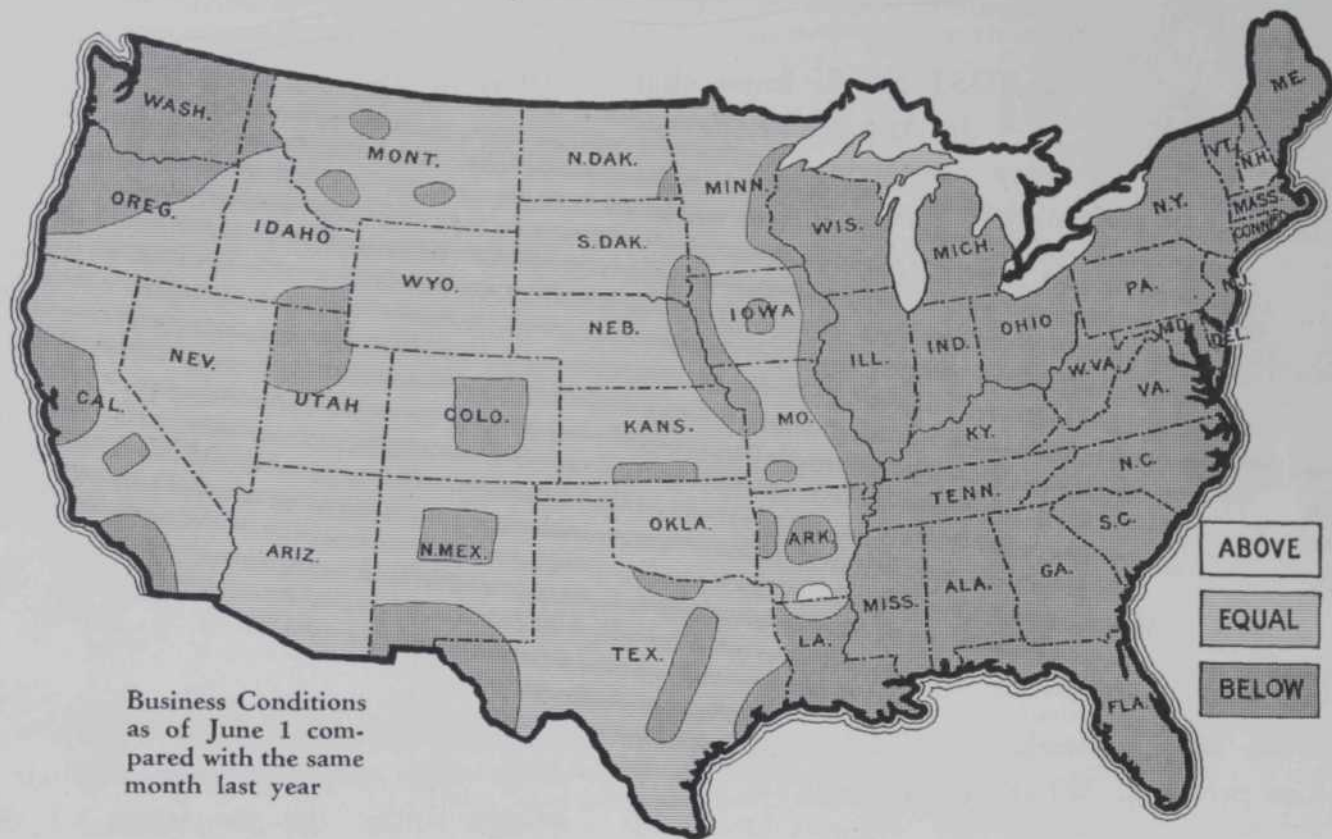
**SAFETY FIRST—**  
*friendliness too!*

ASSOCIATION OF  
**AMERICAN RAILROADS**



# The Map of the Nation's Business

By FRANK GREENE

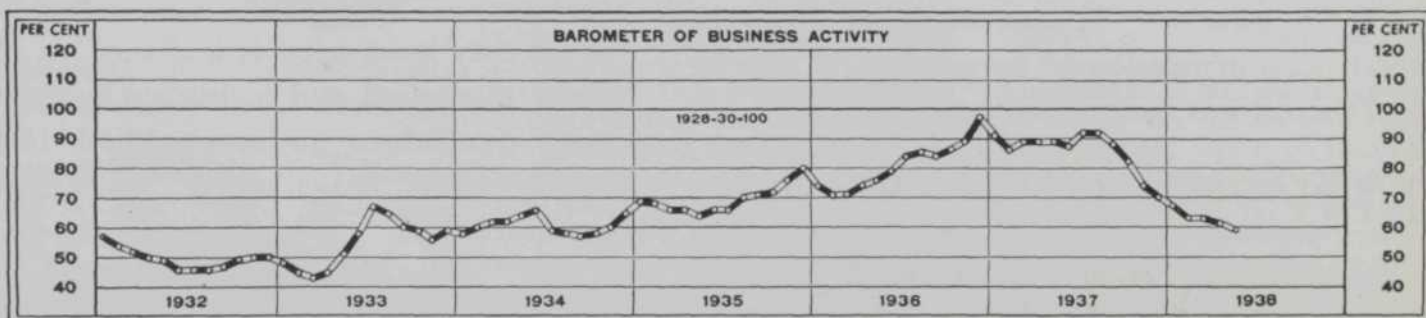


MAY SAW sharp declines in major commodity markets, especially grains, cotton and non-ferrous metals. Unemployment increased with reductions in industrial activity, notably in textile and automobile lines, the latter falling to about 33 per cent of 1937 output at the end of the month. Electricity production dropped moderately, but steel mills went to 29 per cent of capacity, accompanied by a further sag in scrap prices. The aircraft industry was bright with sales up 34 per cent from last year.

Impending wage reductions delayed government aid to railroads, but increased coal and grain shipments helped the roads somewhat in freight traffic. Petroleum output dropped sharply in fear of price reductions. Unseasonable weather retarded retail sales, with department store business down 15 per cent from 1937. Bank clearings and debits were off about 15 per cent, while business failures increased 25 per cent from a year ago.

Securities markets continued to decline on exceedingly low volume. Export trade exceeded imports.

Business and industrial activity during May was maintained at a pace slightly lower than the level of the three preceding months



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The Map reflects the westward and southern spread of the depression's depth due to lower prices for grains and cotton





*John Marshall*

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On December 26th, 1795, a group of leading citizens of Richmond gathered to hear the report of John Marshall on a plan for the organization of the first insurance company in Virginia.

To Marshall, later great Chief Justice of the Supreme Court, and already famous as the most brilliant lawyer in the State, had been given the task of reporting on the soundness of the principles and plan.

The company organized that day was a *mutual*

corporation which is still serving America today. The principles which Marshall endorsed were the great mutual principles of ownership and management in the hands of policyholders, careful selection of risks, and furnishing reliable insurance at low cost to the insured.

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THE NATIONAL ASSOCIATION OF  
MUTUAL CASUALTY COMPANIES

THE FEDERATION OF MUTUAL  
FIRE INSURANCE COMPANIES



## Stream-Lined Justice

(Continued from page 30)

suggest any improvements that occurred to them. Local committees were appointed in each federal judicial district and, in 1937, after three and a half years' work in which most of the more eminent lawyers of the country were represented, the final revise was presented to the Supreme Court.

It was accepted, Associate Justice Brandeis declining to join in the approval, and a copy was sent to the Attorney General. He presented this to Congress on the first day of the present session. The approval of Congress is not required under the law, but Congress has the right to veto. If this right is not exercised, the new rules will go into effect on September 1, or three months after the adjournment of Congress, whichever date happens to be the earlier. The House Judiciary Committee approved.

### The change is widely favored

HOWEVER, Sen. William H. King of Utah offered a resolution postponing the date on which the new rules would go into effect for one year on the ground that the Senate had not had sufficient time to study the proposals. Cummings replied that they were supported overwhelmingly by the bar and judiciary. Mitchell said the present system of practice in federal courts is in an extremely confused condition and Arthur T. Vanderbilt, president of the American Bar Association, commented that the present plan is "silly." Supporting statements were made by the American Judicature Society and the Association of American Law Schools. Said the Attorney General:

Ever since I've been in this shop, I have been studying the crying need for hastening the processes of the federal courts. The new criminal laws are working very well, but it has been apparent that there is an equal need for improvement on the civil side. I diagnosed the disease as caused by three outstanding defects:

First: Procedural faults.

Second: Lack of sufficient judicial personnel.

Third: Lack of businesslike administration of the courts.

Taking these up in order, we find that the federal courts are compelled to follow the rules of the state courts and that some of these work under the common law, some under a modified form of it, some under a code, and some under simplified practice acts. No procedure covers all situations. The courts are confronted with confusion which has been added to by federal statutes. Progressive lawyers have long been trying to get authorization from Congress which would enable them to cut through the underbrush of legal construction. So pro-

found has been the effect of the rules adopted by the Supreme Court under the congressional authorization that half a dozen or more states are now studying ways by which their systems may be harmonized with federal practice.

Taking up the second point, it is obvious that additional judges are needed. There are about 50,000 undisposed of cases on the federal dockets all the time, and as fast as one case is gotten rid of another is filed. The new cases just about balance the outgoing, so that the courts make no headway against the backlog. In many districts the courts are so completely overworked that unconscionable delay results.

Remember this:

The cost of the judiciary is only about one-fifth of one per cent of the total cost of government.

Legislation authorizing the appointment of more judges has passed the Senate and has been approved by the House Judiciary Committee and is in a fair way to be passed.

The third point is hardly less important. There is hardly any substantial control over the business of the federal courts except as exercised by the individual judges. The budget of the judiciary is a part of the budget of the Attorney General's department. Through his agents, the Attorney General must make all payments. All monies paid out or contracted to be paid out must be O.K'd by me so far as the machinery of the judiciary is concerned. But I have no control over the machinery, nor has any one else. This great organization is constantly at work and yet it has in fact no business management at all. No one would assume to control the court or to manage its finances. Yet it has had no mechanism by which it can be informed of what is going on in its great system and the Department of Justice handles its monies.

Mr. Cummings said that is all wrong.

The Department of Justice is the chief litigant before the federal courts. No one has ever suggested that the Department under any Attorney General has ever attempted to make improper use of this control of the money of the courts. No one has ever voiced a fear that any future Attorney General might do so.

But an unpleasant condition is set up.

Suppose that a district judge wishes to increase the salary of an extremely competent secretary.

He should not be compelled to ask that increase of a Department which constantly appears in his court in the trial of cases.

The bill providing for an administrative director has been approved by the American Bar Association and many leading lawyers and the Senate Judiciary Committee has heard testimony upon it.

But there seems to be some difficulty in getting the bill out of committee and on the floor. I cannot tell when it will come up for action, but it will be made law one of these days, because it is sound and sensible. The keynote is:

Let the judges run the judiciary under the direction of the Chief Justice. We have the new rules, we will get the new

judges, and when we get an administrative officer we will be on the way out of our difficulties.

I had been puzzled by the talk of "law" suits and cases in "equity."

"Suits in equity cover trusts, injunctions and specific performance of contracts, while law suits are for damages, breach of promise and the like."

Under the new rules they are joined. It will be no longer possible for a case to be thrown out of court because a lawyer forgot the difference between law and equity. Under the new rules, pleadings must be simplified to a short and plain statement of the grounds on which the court's jurisdiction is based and a short and plain statement of the facts. That timeworn mummery which made so many legal papers incomprehensible to the layman is at an end.

Motions to dismiss are substituted for the jungle-talk of demurrers, pleas, and exceptions. Plaintiffs and defendants are permitted to bring in third parties in original suits, a provision described by the Supreme Court's advisory committee as "a modern innovation in law and equity in federal courts."

If Tom Smith fell out of a window onto Walter Brown either might make Wille Carruthers a party to the suit on the allegation that he had pushed Tom. Under the old rule the injured Brown could only sue Smith.

Federal judges are authorized to direct attorneys for the litigants to appear before the trial for a conference on the simplification of the issues and the speeding of the trial. Courts in Boston, Detroit and Cleveland have recently adopted this practice. An injured person is permitted to combine all his claims—as for personal injury, breach of promise, unpaid debts, etc.—instead of bringing separate actions in each case. The rules for the taking of depositions have been simplified, so that litigants may call on any one they desire. Courts are permitted to order parties in controversy to appear before competent medical authority if there is a question as to physical or mental condition. At present such examination is not permitted before the trial. A jury of fewer than 12 persons may be accepted by stipulation and it may be agreed that the verdict of a stated majority shall be taken as the verdict of the jury.

An old lawyer said to me:

"A high school graduate could draw up the papers under these new rules."

Stream-lined procedure will be the rule in the federal courts.





● When any advertiser with the standing of the Seaboard Air Line Railway reports that a controlled test of rotogravure proved the medium outstandingly productive, it is significant . . . but no more so than are the conclusions to be drawn from the fact that in every other classification advertisers of similar standing have tried rotogravure and shown their unqualified approval of it by scheduling more space. Composing this group are 92 drug and cosmetic; 28 women's wear; 22 household supply; 51 jewelry; 5 men's wear; 2 financial; 4 publication; 11 automotive; 9 tobacco; 10 house furnishing; 10 building supply; 42 food, and 11 other travel and resort advertisers. In all 262 institutions whose names form a blue book of American industry have proved that they can "do it better in rotogravure." For the story of one of these see the next page.







## Congress Rediscovered Its Backbone

(Continued from page 17)

program. Probably because of an exceptionally powerful farm lobby and failure to recognize the seriousness of the business slump, the agricultural problem got first right of way. Oddly enough, though it represents regimentation in such drastic form that it has provoked protests from the farmers themselves, it did not emerge entirely satisfactory to President Roosevelt or Secretary Wallace.

Whereas the makeshift measure offered benefit payments to farmers in return for voluntary participation in a soil conservation movement, the law now on the books continues the payments but imposes stiff penalties on evasions. Whenever production estimates and surpluses approach a dangerous size—980,000,000 bushels for wheat, 2,800,000,000 bushels for corn, and so on—the Secretary must allot state and individual quotas, unless the growers in any category decide differently by a two-thirds vote.

### Many rules for farmers

ONCE this system has been set up, the Government, by law, assesses heavy fines against farmers who sell more than their quota. On the amount stored under this arrangement, the Government makes loans at a low interest rate. Another novel feature provides for crop insurance on wheat (other crops may be included later) designed to stabilize prices for producer and consumer.

It is admittedly a difficult operation that will be costly to the taxpayers, but past experience seemed to necessitate compulsion. Fairly extensive compliance with soil conservation requirements of the old act so enriched land taken out of production that later it produced near-record yields. Together with exceptionally fine growing weather, these surpluses pointed directly to the more drastic system. Secretary Wallace frankly views it as an "experiment."

In an effort to stimulate heavy industries, the special session liberalized the provisions of the Federal Housing Administration. It reduced the down payment from 20 to ten per cent, cut the overall interest rate from approximately 6.24 to 5½ per cent and extended operations to include multiple dwellings. The passage of this measure was the first sign that Congress realized that it was time to come to the aid of business and industry.

Meanwhile, through both special

and regular sessions, fierce controversies marked by an amazing revolt against the White House developed. Five southerners combined with Republican members of the Rules Committee to shelve the original wage-hour measure reported by the Labor Committee. It was eventually forced from the clutches of the Rules Committee by the petition method, only to be recommitted by a close vote. Again it was reported out, though in altered form, and again it was dragged from the Rules Committee by petition.

The final wage-hour law fixed a 25 cent minimum for the first year, 30 cents for the second, and a 40 cent scale after seven years. It set hours at 44 a week for the first twelve months, 42 for the second year and 40 thereafter, with 56 as the "absolute ceiling." For hours worked in excess of the maximum, employers must pay time-and-a-half. Various seasonal industries, companies handling perishable foods and those with annual wage agreements, are excepted.

To meet the southern demand for differentials, the Act provides for establishment of industrial boards similar to NRA code authorities. Representing public, employees and employers, they may recommend an increase in the pay standards "wherever economically feasible." After seven years they may recommend both wage and hour exemptions based on economic and geographical factors.

Children under 14 are banned entirely from interstate industry, but those between 14 and 16 may work in out-of-school hours if they obtain special permission. Those under 18 are barred from "hazardous occupations."

The law will be administered by an independent official in the Department of Labor, to be named by the President and confirmed by the Senate. He will appoint members of the industrial boards, who will serve on a *per diem* basis only during their individual studies. He cannot alter their findings but he can do the next best thing—fire one set of investigators and hire a new crew.

The government reorganization measure sparked the most exciting war of the session, though it was scarcely warranted by the issues involved. As it reached the stage for final action, its most important grants of power to the President had been extensively amputated. It permitted him to enlarge his secretarial staff by six men with a presumed "passion for anonymity," to reorganize executive

departments (but no independent or quasi-judicial agencies), to substitute a post-audit of federal expenditures for the present Comptroller General's office, to create a new Department of Public Welfare.

The President's foes raised the cry of "dictator," which he indignantly denied. Almost every government department fought against a possible change in its status. Every lobby at the Capital—war veterans, farmers, labor, educators, welfare workers—swung into action to insure that its pet projects were not scrapped or its friends shorn of office. It degenerated into a bitter battle that obscured the question of reorganization's merits or demerits.

The President's friends were moved by desire for a victory that would restore some of the prestige he had lost in the Supreme Court fight. His enemies sought to press home advantages they had gained in previous skirmishes. In their charge they were marshalled by the red-headed John J. O'Connor of New York. He used all his power as Rules Committee chairman to repulse not only Mr. Roosevelt but also his co-leaders, Speaker Bankhead and Majority Leader Rayburn. In the end, the New Yorker won by forcing recommitment, thereby emerging as one of the dominant figures of the legislative branch.

### Promoting recovery

A DETERMINING factor in the duel was the widespread belief that laws to promote economic recovery were far more essential than governmental reform. By April, when the reorganization measure met its doom, the depression had become recognizable by all. Production had fallen to 80 on the Federal Reserve charts, unemployment had leaped to 12,000,000, perhaps more. Thus the folks back home became aroused, and bombarded Congress with pleas to try to do something to put men to work. In his closing argument Mr. O'Connor cried: "Let's put out the fire and then do the housecleaning!"

The response to these requests assumed two forms. From the President came a "recovery proposal" relaxing bank reserve requirements, dewatering gold, recreating the PWA pump-priming machine, and asking for fresh billions for WPA. The financial and monetary suggestions required no congressional action, but the PWA-WPA remedy precipitated another storm of controversy over the issue

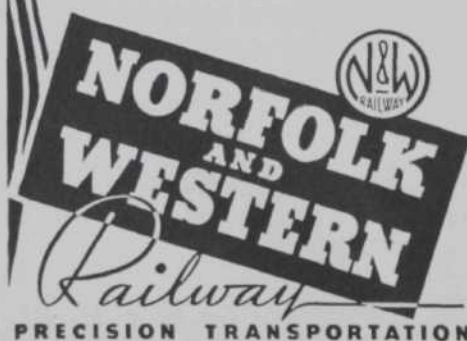




**D**OWN where the rollicking waves of the Atlantic wash the eastern shores of the Old Dominion . . . or high in the cool mountain breezes of the Blue Ridge and Alleghenies . . . there's fun aplenty waiting for you in Virginia—the perfect vacationland! Whether you find your pleasure in sports, in the beauty of natural scenery, in historical attractions, in the fellowship of congenial folk, or in complete relaxation . . . Virginia offers them all!

You will find more pleasure in your trip, as well as greater comfort, safety, and economy, if you come to Virginia in the modern air-conditioned Norfolk and Western passenger trains serving the popular seashore and mountain resorts. Any of the Norfolk and Western Railway's Passenger Department representatives will be glad to furnish complete information regarding routes, fares, and schedules; and assist you in planning your vacation trip from beginning to end. Call on the representative nearest you, or write direct to the railway's Passenger Department at Roanoke, Virginia.

1838—A CENTURY OF SERVICE—1938



of spending a nation into health.

The other reply to the "do something for business" uproar came from the House and Senate tax conferees, who agreed upon a bill which sharply modified the two levies chiefly blamed for freezing private money—the capital gains and undistributed profits taxes.

The new pump-priming scheme drew from such an old-fashioned Democrat as Carter Glass the first good "damn" he has uttered in many years. To his conservative school it was a "dangerous" bill and also a futile move inasmuch as similar efforts had culminated in the depression. Republicans like Senator Vandenberg and Representative Bacon argued for handing relief funds and responsibilities to local communities for administration. Anti-New Deal Democrats suspicious of political reprisal insisted on earmarking money for specific projects rather than giving the Administration a blank check. But the WPA-PWA program was assured of favorable action from the start for the simple reason that *no Congress votes against a money bill in reelection year.*

### The tax law will help

**W**HILE not relieving business and industry as generously as their spokesmen asked, the Doughton-Harrison tax bill remedies many abuses and lifts many burdens existent in the law it replaces. It permits industry both small and large to build up reserves without suffering such severe penalties as were embodied in the undistributed profits tax. It enables sellers of securities to take a profit, if any, without handing the lion's share of their investment over to Uncle Sam. Both amendments, in the opinion of the bill's framers, will put money and men to work by releasing funds for expansion.

The extraordinary debate between the President and Chairman Harrison measures the tax changes more than tables of figures and percentages could do. As the chief apostle of redistribution of wealth through use of taxes as a social weapon (the Oliphant theory), Mr. Roosevelt denounced the bill and permitted it to become law without his signature. He held that it violated "an American principle of taxation," namely, the ability to pay. Thus he castigated his own Congress on a perennially major political issue—taxation.

In cold fury Mr. Harrison arose on the floor to insist that the President had been "misinformed"—and to set him right. Though polite and parliamentary, the Gentleman from Mississippi defended the measure as one which would remove restrictions that

had contributed to the present economic collapse.

On many other matters of concern to business, the Congress took no positive action, deferring legislation until next session. It refused to enlist in the war against monopolies and holding companies, simply providing for an exhaustive study of the problem. It passed no far-reaching laws affecting the railroads, though Senator Wheeler's committee will undoubtedly submit a rounded program next year. It declined to amend the National Labor Relations Act pending further trial—and error.

Nor did it remove the threat of government competition from the private utilities—a factor frequently cited as preventing opening of the capital market, plant expansion and consequent reemployment. The Senate Finance Committee, however, reflected the new temper on Capitol Hill when it tried to halt PWA loans to erect competitive municipal power plants. On other fronts, too, there were some signs that peace may soon be negotiated between the government and this \$12,000,000,000 industry. It accords with the legislators' new belief that this or any future Administration should widen rather than narrow the realm of private, economic activity.

The Seventy-fifth Congress, in short, was an assemblage that met in a time of transition. Without breaking down certain necessary reforms in the American economic system, it sought to fit them closer to the facts of everyday living. Allowing for the political forces and impulses which must motivate men who depend on the voters for their livelihood, they may be said to have done a good job.

## Applying First Aid to the Old Home Town

(Continued from page 20)

that this approach is highly popular.

Beginning Monday, he holds two meetings a day through Wednesday. At these meetings the town's problems and needs are threshed out. The first such meeting is usually devoted to good roads, to "get the farmer out of the mud"—and into Rattyburg. Needed roads are discussed and agreed on.

At a second meeting, the need for a farmer's market is considered. He conducts as many citizens as possible to the nearest small town having such a market and insists that they study it. In subsequent meetings he takes up soil conservation, permanent care of cemeteries, public health and sanitation, recreational facilities, improve-





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ment of municipal services, civic beautification.

On Thursday and Friday, he and the citizens draw up the plan—usually for five years. The final meeting is held Friday evening.

This planner (though he disclaims the title) does not walk softly. He declares frankly his city's selfishness in extending this help:

"We'll be better off with 350,000 population and a prosperous trade territory than with 700,000 and a handful of poor, scrawny burgs."

He comments on the defects he finds in the small town in question, and spares no one. He ignores local factions and cliques, insisting on full voice and hearing for everyone. He pounds home the idea that the program drawn up can be carried out only by the citizens, using their own brains and efforts.

### Time to change a town

WHAT results has he got?

"Take it easy," he adjures. "Don't get impatient. A town that's been 40 years in the dumps is not going to snap out of it overnight. You've got a whole way of living and habit of thinking and body of tradition to overcome. Just remember how long it takes to improve a city neighborhood or section that has gone down—takes

years, if you can do it at all. The important thing is to make a start, to arouse these towns and help them."

But despite his conservatism, the results this one man has achieved—rather, has caused the small towns he has worked with to achieve—are startling. They can't be measured yet in population changes. No, the change is in the spirit and the activities in the towns themselves.

I've just read through a packet of letters he has received from a dozen or so of these little towns, ranging in 1930 from less than 500 to some 1,800 people. Through them runs the motif of acclaim for this man and his association that reads like patent-medicine testimonials, save that their authenticity is unquestionable.

"New spirit among the people."

"People are improvement-conscious."

"He waked us out of our slumber" (one chamber of commerce is among those writing thus).

"Made us want to work."

"He showed us what is wrong and what we can do."

Other motifs:

"We do not want a sudden influx of new citizens who come because they hear of our advantages and improvements."

"We do not want any industry in need of financing."

And, with only one exception, improvements have been made *without government help*, save, of course, soil-conservation demonstrations. Independence and enthusiasm, the intensity of the latter affording good measure of what must have been the depths of defeatism before.

All right, let's have some examples.

Well, here's a town that in 1930 had 618 people. The town was "filthy," store buildings vacant, civic spirit low. Our planner visited it in January of this year. A letter dated April 17 tells of land acquired, landscaped, and planted for a city park, a new community hall being built (both financed by private donations and subscriptions); a new grain elevator; a new business building that makes the main-street facade 100-per-cent brick; bonds voted for a \$76,000 school building, with several new courses to be added to the curriculum; extensive repairs of churches, and a new church building; grading and draining of streets; several hundred trees and shrubs planted; the town completely cleaned up; a mosquito-control program under way; and roads into town being improved.

### Cleaned up and landscaped

HERE'S a town of 1,405. Its plan was drawn up this February. It has cleaned up its streets and alleys, planted trees and shrubs, cleared vacant lots of rubbish, repainted homes, remodeled store fronts, perfected a road-improvement organization, built a lighted softball field, organized eight teams, formed a 50-member Young Business Men's Association, equipped a downtown building to seat several hundred, and holds a "Town Hall Night" every Wednesday.

An unincorporated town drew up its plan the same month. It has sent delegations to study soil conservation at near-by CCC camps, has created terracing activities on surrounding farms. The school campus has been enlarged and improved. A citizen has donated a hundred-acre tract for a park, and another has promised one. A Boy Scout troop has been organized, and is surveying fly and mosquito hazards preparatory to an eradication campaign. Plans are drawn for rock-paving all streets by the year's end. A general meeting is held twice a month to hear committee reports and appoint other needed committees.

Or look at this town—1930 population 1,131—that was roused this March. It has painted and repaired its churches, cleaned up its streets and alleys, moved its Negroes to more desirable locations, improved its community hall, engaged an engineer who is working on parks and street improvement, organized an active road

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committee, and instituted a project to enlarge the public library.

### Highways are improved

BUT let's look at some that have been working longer. A town that in 1930 had 1,685 people has completed a splendid system of highways radiating from it, at a cost to the town of \$400,000, plus state and other aid of \$200,000. Practically all its streets are now hard-surfaced. Water and sewerage services have been considerably extended. It has planted trees, improved public sanitation, cleaned its streets, improved the care of its cemeteries. Mosquitoes are being eradicated. It has built a large armory. An Ohio concern making clothing specialties has located a branch there. A local canning plant is under construction, and farmers are planting tomatoes and beans to supply it. A new creamery agency is "going to town." A new church is being built. And all since January, 1937.

A town of 963 souls was yanked from its doldrums in November, 1936. It has built a new \$10,000 unit for its high school, inaugurated bus service for school children in all near-by communities (involving three new buses), doubled the building space and equipment and teaching staff of its Negro school, erected a new church and a new church annex, built 24 miles of graveled roads and two miles of paved road, graveled four miles and paved more than two miles of streets, drained and filled three formerly undesirable sections of town for parks, extended telephone service 14 miles south of town, and is carrying on a pasture-improvement program. All is paid for by its citizens.

These are not picked samples. They are simply towns that, before their plans were drawn up, were definitely and dolorously slipping. What change has there been in population? In one small town—only 1,500 in 1930—"50 new residences have just been completed, and more are being built."

Another: "Several new homes have been built, and many others are under construction."

Little towns, of all places, don't build homes without someone to occupy them. The 1,500-population town gained about 100 persons from 1920 to 1930. Fifty new homes—not counting the "many being built"—mean 200 people.

Says the planner:

"I have no cut-and-dried plan. Everywhere I go, I find new problems and new wrinkles. We work out solutions to fit the individual case. Our whole idea is to make these little towns attractive as places to live and do business, and to provide the farmer with trading centers and good roads that

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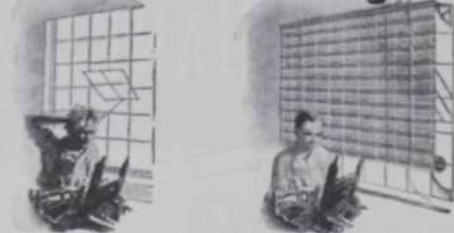
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will enable him to get to them." (A little town writes: "All roads into town are now all-weather." Another: "Farmers meet with business men and discuss their problems. The farmer has a new prestige around here.")

This planner's methods are not an overnight affair. They are the crystallization of some ten years of working with little towns along these general lines, but more particularly of the past 18 months or two years, during which he has been helping them draw up "five-year plans." It is this "five-year-plan" idea, he finds, that puts the steam into them. It offers a concrete program, a visible goal.

His is but one way in which small towns can be uninked. Another suggestion is that a group of small towns join to form their own planning association and employ a full-time com-

petent planner. This is especially desirable for small towns far from a metropolis or whose metropolis is itself a stranger to planning. Where the metropolis has a planning organization, the small towns' planner could benefit by working with the city's men.

And yet a third suggestion is that the city employ a capable planner for the sole purpose of planning for the small towns, without charge to them.

Whichever method is adopted, the problem must be solved and the city must help, for the simple and effective reason that it is to the direct economic advantage of the city and its business and other leaders. Every person in the city obviously has a personal stake in the small town's welfare; and unless the small town is salvaged, they'll one day have no stake of any kind.

## Cutting The Red Tape Off Income Tax Appeals

(Continued from page 28)

peal, short of going to the Board of Tax Appeals or the U. S. Circuit Court of Appeals.

On the theory that the Cleveland method of expediting settlement of tax cases could be improved, a whole division of the Washington technical staff—separate and distinct from the local collector and revenue agents—was set up in Los Angeles early last March. In the Los Angeles district the taxpayer dissatisfied with an agent's ruling may, without going to the Board of Tax Appeals, now appeal on the spot to a Treasury representative having full powers, yet having no direct interest in or connection with the revenue agent whose decision the taxpayer questions. This new plenipotentiary speaks the final word for the Treasury. He is the Commissioner's substitute.

### Field offices with authority

AS OF July 1, offices similar to that in Los Angeles will be established in San Francisco, Seattle, and Portland, Ore., with full reviewing authority for appeal cases emanating from their respective districts. The Seattle district includes Washington, Montana, Idaho, and Alaska. The Portland office covers the state of Oregon. San Francisco covers the first district of California, Nevada, Utah and the Territory of Hawaii.

An important feature of the decentralization plan is that the members of the technical staffs assigned to the various districts will travel to the more important cities in their districts to meet the taxpayers concerned. Thus, the San Francisco staff

will, in the course of each year, hold hearings in Salt Lake City and Honolulu. Those covering the Seattle area will include Helena, Mont.; Boise, Idaho; and Juneau, Alaska, in their circuits. The Los Angeles staff will visit Phoenix, Ariz., each year.

As the taxpayers come to appreciate this local channel of direct appeal they may be expected to use it. The law does not and cannot cover clearly all the intricate questions raised by tax returns. There are many border line problems where there is an honest difference of opinion.

For example, a motion picture actor has bought 2,000 suits. Do these all represent business expenses? He maintains "yes" with good arguments. The Government maintains "no" with arguments equally good. There must be a compromise.

Of the cases coming to Washington for decision each year, probably 4,000 involve troublesome questions of depreciation. Bad debts and business expenses are other frequent items of disagreement. Such cases cannot be easily disposed of by set rules. Hence the advantage to the taxpayer, especially the little fellow, of having easy access to the man with the final say.

It is significant that, from the taxpayers' viewpoint, one of the first apparent results of the decentralization is a more careful performance by the revenue agent who investigates doubtful returns. Formerly the agent was frequently inadequately informed as to Washington's ruling on his decisions. Now, with someone from Washington close at hand with the power to reverse his findings, the agent tends to do a better job.

It is of course too soon to state



that the West Coast method of decentralization will be the ultimate model for the entire system. While it is already regarded as proving definitely superior to the Cleveland method, it will be a long time before a final choice can be made. For this reason, the Treasury could not await a complete demonstration in Los Angeles but expected to open similar "appeal" offices in New York and Chicago. The New York office was to be established August 1 and would receive appeals covering cases within the State of New York. The Chicago office was to be established September 1 and would include cases originating in Illinois, Indiana and Wisconsin.

In opening up additional new districts for decentralized income tax administration, the Treasury now has under consideration facilities for: Wyoming, Colorado, New Mexico, Texas, Oklahoma, Kansas, Nebraska, South Dakota and North Dakota.

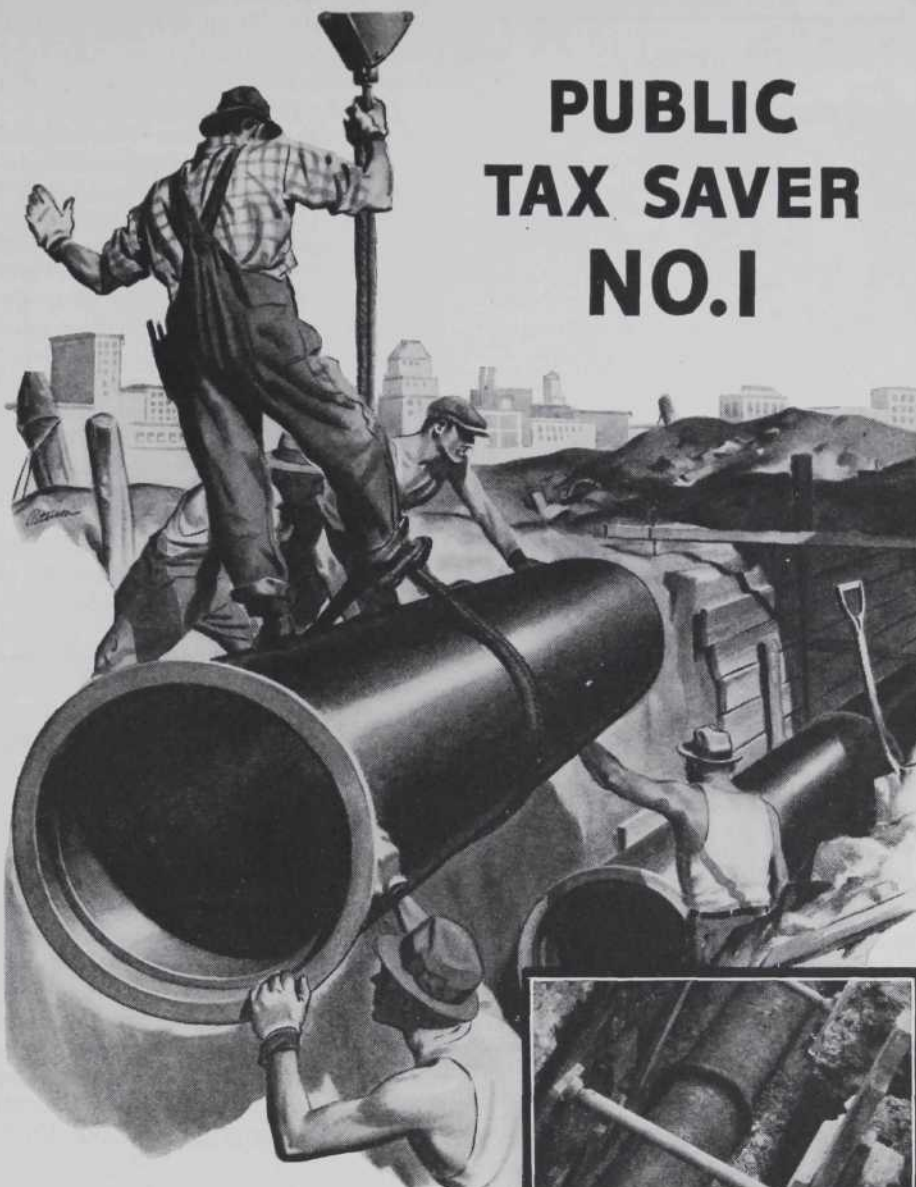
### Taxpayers have heavy costs

THE expected advantages of the West Coast system hardly require demonstration. Each year approximately 30,000 unsettled income-tax-deficiency cases come to Washington. The amount of deficiency proposed or claimed by the Government ranges between \$250,000,000 and \$300,000,000. In settling these cases, the amount is finally diminished by almost one-half, but this reduction naturally costs the taxpayer heavily in attorneys' fees, travel and other expenses, much of which may be saved if decentralization proves successful.

Consider simply the time consumed. The Los Angeles method is expected to save a minimum of a year in the settlement of contested cases. In the case of asserted deficiencies in "1937" returns filed in March, 1938, the revenue agent won't act until July. Yet it is expected that the new branch of Commissioner Helvering's office will be settling some "1937" cases this fall, or only a few months after the returns were filed.

A Treasury spokesman has said that the Government does not look with favor upon "those practitioners in the legal and accounting professions who capitalize the complexities of taxes to embroil their clients and the Government in tax litigation." Obviously this decentralization will hit the Washington tax practitioners. But, it is maintained, the taxpayer won't suffer, because in all large cities there are skillful and experienced tax lawyers and accountants.

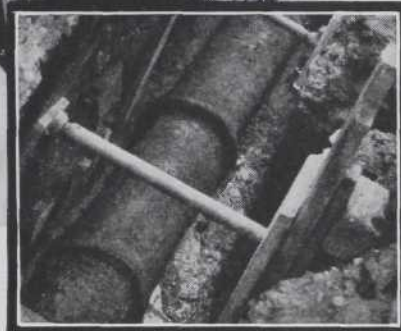
Of course, any present advantages of centralized income tax administration should not be lightly set aside.



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Centralization implies a certain uniformity in applying the law. Any such advantages must be preserved. But they need not be overstressed.

For example, in the Washington office of the Bureau of Internal Revenue there are five separate audit divisions along geographical lines, with between 800 and 900 technical workers. What with "border line" and other problems, uniformity of treatment is by no means certain now. Nor is it entirely necessary. In Great Britain there are more than 750 local inspection districts whose officials, although otherwise comparable to our "revenue agents," have the power of final decision in income tax matters.

The decisions of the new Los Angeles office are being reviewed in Washington, with nation-wide uniformity of policy constantly in view. However, this review is not for the purpose of reversing the final action taken by that office in the specific case, but only with a view to preventing the recurrence of any material departure from the uniform administration of Bureau policy or rulings.

The Staff Division in the field represents the nearest approach to an independent appellate body in income tax administration, operating under purely informal procedure. Prior appellate bodies within the Bureau, such as the Advisory Tax Board, the Committee on Appeals and Review, and the Special Advisory Committee, all required the approval of the Com-

missioner before their recommendations became binding upon the Bureau of Internal Revenue.

The staff of each new West Coast office includes accountants, engineers, attorneys and others. The attorneys are assigned from the Chief Counsel's office in Washington. They not only assist in reviewing contested cases but, where such cases are finally heard by the Board of Tax Appeals, will represent the Commissioner of Internal Revenue in the trial in the cities concerned.

In other words, each new agency replaces Washington in receiving from taxpayers protests which in other districts still have to be sent to Washington. Even the smallest taxpayer now has ready recourse to a settlement group close at hand.

If the new system shortens the collection period there should be material savings to the taxpayer. The Treasury's main object, however, is obviously to bring in revenue more quickly and to save itself the expense of prolonged contests with taxpayers.

The success of the new method will depend almost entirely on the personnel administering it. If the new field staff exercises its judgment fearlessly and, where an amount large or small should be adjusted in the taxpayer's favor, so adjusts it without fear of the reaction of Washington, the new system will prove a success. If the personnel is too Washington-conscious, however, the advantages to the taxpayer may be disappointing.

## Let Private Capital Build Houses

(Continued from page 36)

therefore, occupancy of these dwellings will be open to all families whose income does not exceed a range of from \$185 to \$228 a month. Under ordinary circumstances, private capital can do a first rate job of building for families in this income range.

Yet it is clear that, under the Wagner-Steagall Act, this is exactly the group that the Government can build for and rent to—and send as much as 60 per cent of the monthly rent bill, not to the occupant of the house, but to other taxpayers who may live in "second hand" housing elsewhere. Thus it is apparent that the Wagner-Steagall Act provides a perfect machinery for subsidized government competition with private industry.

Now, I know that well intentioned people may say that, although the Wagner-Steagall Act permits housing Authorities to rent these proposed new subsidized homes to families

earning as much as \$2,700 a year, the Authorities will not do so but will confine occupancy to a lower-income level. This raises another question:

How and by whom will tenants be chosen?

### Politics and house subsidy

MOST housing authorities properly command confidence for their public spirit and good intent, but the day may come when the arbiter of occupancy will be the ward chairman.

Advocates of the Wagner-Steagall Act in Congress attempted to allay business fears by explaining that, for all new dwelling units erected, an equivalent number of unsafe or insanitary dwellings would be demolished, closed, or improved. Yet the bill, as passed, included a provision permitting the administrator to defer this requirement. And today, we have a strong demand that this requirement be removed altogether.



Unless realism is speedily substituted for romanticism in the Government's housing policy, the Government will wind up by being the principal landlord with all citizens paying taxes to make up subsidies for each other's rents.

Because it is impractical and visionary for the Government to enter upon great programs of new housing for slum dwellers, it does not follow, however, that it is impossible for the Government to eliminate the slums. Much confusion upon these problems arises from the fact that, in many minds, they seem to be inseparable. In reality, there is no essential relationship between them. The local governments may properly undertake to clear slum areas.

### Razing slums would help

CERTAINLY they should provide adequate legislation and adequate enforcement to compel the razing of insanitary and unsafe dwellings, or even of whole areas in which housing is dominantly insanitary and unsafe. Such a program at this time would do much to stimulate the building by private industry of new communities, not for slum dwellers, but for persons who can afford to rent present-day low-cost housing. Into the acceptable "second-hand" housing vacated by such persons, the dwellers in present unsafe dwellings would move, aided, if necessary, by cash payments from public funds for rent relief.

One thing we need to recognize is that our housing problems did not come upon us overnight. They are the accumulation of generations. They are not, therefore, to be cured overnight. They require patience.

If it is true that it is impractical and visionary to expect the Government, by subsidized building and management, to supply our housing needs, it does not follow that business in the long run cannot or will not do so. Business has failed because capital attracted to home building has been for the most part speculative capital. The need obviously is to attract capital on a sound, long-term, investment basis. In some respects the times were never more propitious for interesting capital on this basis.

In summary, a suggested program is three-fold:

First, let the local governments destroy slum housing.

Second, let the Federal Housing Administration be strengthened as an agency for research and for stimulation and financing of large-scale operations.

Third, let private capital, on a sound investment basis, build large-scale planned communities designed to be managed as income-producing properties which are inherently as nearly blight-proof as is possible to contemplate.



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HOTEL?**

**THE LENNOX. YOU  
ALWAYS SLEEP IN  
COOL, FRESH AIR!**



Though it is 100 degrees outside, you can be as cool as you please in Hotel Lennox. You control the temperature with the dial in your room. Bath and shower in each room plus radio and other modern features. Two air-conditioned restaurants.

**50% of all rooms \$3.50 or less,  
single—\$5.00 or less, double.  
"Downtown At Your Doorstep"**

**HOTEL  
Lennox**

NINTH AND WASHINGTON • ST. LOUIS

**HOTEL MAYFAIR ONE BLOCK OVER—  
SAME MANAGEMENT**



### POLYFLEX

Instantaneous Reset Timers. Insure extremely accurate control over the time element in manufacturing processes. They **REDUCE YOUR COSTS** and **IMPROVE YOUR PRODUCT**. Request Bulletin 258.

**EAGLE SIGNAL CORPORATION  
MOLINE, ILLINOIS**

## PACIFIC GAS AND ELECTRIC CO.

### DIVIDEND NOTICE

#### Common Stock Dividend No. 90

A cash dividend declared by the Board of Directors on June 1, 1938, for the quarter ending June 30, 1938, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on July 15, 1938, to shareholders of record at the close of business on June 30, 1938. The Transfer Books will not be closed.

D. H. FOOTE, Secretary-Treasurer.

San Francisco, California.

## THE AMERICAN CHAIN & CABLE COMPANY, INC., BRIDGEPORT, CONN.

—offers a full line of pedigreed products for every industry, including agriculture. Each of its 137 products is made by men who hold fast to ACCO'S oldest tradition:



*In Business for Your Safety*

**ACCO trademarked PRODUCTS**

## Dividends from the Investment in Schools

(Continued from page 26)

drift aimlessly through the schools and then drift aimlessly into college or into a succession of jobs for which they have never been trained, and you will have found a community where business has never realized the enormous possibilities of working with the schools.

Naturally, the schools will not stand for being run by the business men any more than business would stand for being run by the schools. But the schools can do many things for business, and business can do much for the schools.

### Practical cooperation

IN Rockland County, N. Y., a couple of years ago, the industrial, social and commercial structure was thoroughly analyzed. They found out how many and what kinds of jobs were available. They estimated the probable future absorption of school graduates in industry and business. Everybody cooperated—the pupils, the trade associations, the labor unions, the manufacturers, the business men, even the mental hospitals. The schools learned a lot, business learned a lot, and they are continuing to work together to translate some of their information into a practical method of fitting the schools and their graduates into the total picture of Rockland County.

The schools and business have not encroached on each other's independence but they have done a highly effective job of pooling their efforts where their interests meet.

As a matter of fact, all over the country business men have been getting behind occupational adjustment as a part of education for citizenship. First, the depression brought home to many the plight of the untrained youth thrust out of school into a sea of unemployment. Then the "boom" of 1937 set employers everywhere searching for skilled mechanics. There were too few simply because too few had been trained in the preceding years. Now the recession has again raised the problem of unemployment. And in the future looms the question, "Will we be able to find the trained men we need when the next upswing comes?"

If it ever reaches, or even approaches, the goals which it has set for itself, the occupational adjustment movement will go far toward solving the problems created by shortages of labor in some fields and surpluses in others.

The vocational guidance people argue something like this:

In a complex economic organization such as that in the United States today, one of the most pressing duties of education is to help each individual to find the most useful and satisfying place in the productive process which he is capable of filling. To this end it is necessary to find out as much as possible about the individual—about his abilities, his aptitudes, his whole physical and mental make-up. It is necessary further to find out as much as possible about the available jobs—what they are, what kinds of knowledge and ability they require, what kinds of people are likely to succeed in them.

Knowing about both the applicant and the job, an intelligent adviser can help the individual to choose a job in which he is likely to be successful and happy. Further, knowing about the job, an intelligent school administrator can, with the cooperation of industry and business, set up a course of training that will prepare the student to perform the job efficiently.

Having trained the student with a real regard for the requirements of industry and business, the school, in cooperation with industry and business, can help him find a job where he can apply his training.

If there were any danger that the program might be completely successful, some of us personnel managers might be forgiven for being hostile to it. But, since there is no danger yet that the occupational adjustment technique will be perfected to the point where it might solve all our personnel problems, it seems pretty clear that we ought to be sufficiently interested in it to find out about it and let it help us if it can.

There can be small doubt that the business men who cooperated in the establishment, back in 1932, of the National Occupational Conference were motivated by considerable enthusiasm for the purposes which it was organized to serve. The National Occupational Conference is a non-profit organization, supported in major part by grants from the Carnegie Corporation of New York. Its purpose is to assemble all kinds of information about occupations and to make this information available to schools, placement officers, and other responsible agencies, and to support organized efforts to bring into sensible agreement the needs of an industrial nation and the training and placement of American youth.

Probably the most continuous function of the Conference has been to act as a clearing house for all kinds of information about jobs, training procedures and efforts to correlate the two. It has cooperated in these efforts, sometimes with



money, often with information, not infrequently with personnel. It has stood ready to answer inquiries.

It publishes a monthly magazine, *Occupations*. It has brought out a series of pamphlets on specific occupations and is constantly adding new ones. It has sponsored the *Occupational Index*, a monthly guide to literature on occupations, employment opportunities and training.

But its chief activities are hard to evaluate. Cooperation and advice cannot be counted and measured. Their effects spread out over wide areas and long periods so that it is impossible to trace back to causes.

Perhaps it is largely for this reason that business has been somewhat slow to appreciate the possibilities of closer cooperation in the occupational adjustment program. Probably, too, it has been held back by the general American tendency to look upon school people as impractical and idealistic. There is room for a little idealism. The charge of impracticality is more serious.

### The business side of school

BUT your average superintendent of schools has to be a pretty good business man. The school budget of a fairly large city runs into millions of dollars; and the wise management of that much money requires good business sense. It is probably true that, in many cases, the graduates of the schools are not the kind of products for which there is a ready local market. That is poor business.

A manufacturer who keeps turning out an obsolete article soon finds himself in receivership. However, if he is foolish enough to fly in the face of an obvious change in consumer demand, it is his business. When the schools do the same thing, it is everybody's business, and everybody has a right, even a duty, to do something about it. Business men have this duty on two counts:

First, most of them are parents whose children are in danger of being among those obsolete products.

Second, most of them are employers who are expected to use those products by way of affording them employment.

By and large, school superintendents are open to suggestions from business men. Most of them welcome any evidences of interest in the schools and their work. Practically all of them are good enough business men to see the problem from the business viewpoint. As more and more business men take the trouble to explain that viewpoint, business will come nearer to getting its money's worth out of its expenditure on the training of today's youth for tomorrow's adult work.



## 420 Mules



## 55 Cars of Salt

## 9 Steam Shovels

• On one Erie freight speeding eastward 420 mules bound for India... on another 55 cars of salt... on another 9 mammoth steam shovels that only Erie's extra-wide clearances could accommodate.

A coincidence? Not at all! Every day thousands of products just as diverse as these roll to market over Erie tracks. Whether the freight's measured in inches or yards, weighed in pounds or tons—shippers know they can trust it with Erie for faster, safer, more economical delivery.

Route your next shipment via Erie. You will see how Erie earned the reputation of being "first in freight".

*Travel the Scenic Erie*

... between New York, Binghamton, Elmira, Buffalo, Chautauqua Lake, Youngstown, Cleveland, Akron, Chicago

AIR-CONDITIONED TRAINS • EXCELLENT MEALS  
FINEST SERVICE • LOWEST FARES



# RAILROAD SYSTEM

## THE HEAVY DUTY RAILROAD





A. W. Robertson

## Leaders in the March of Business



C. W. Nash and George W. Mason



Walter S. Gifford

**A. W. ROBERTSON**, chairman, Westinghouse Electric & Manufacturing Company, who emphasized that "no agency alone can prime the business pump" and announced that his company would do its share by spending \$12,000,000 on new equipment and repairs.

George W. Mason, president, Nash-Kelvinator Corporation, rang 14 door bells in search of refrigerator prospects in Lincoln, Nebraska, to help inaugurate a nation-wide, hard-work campaign to sell more goods and put more people to work.

Walter S. Gifford, president, American Telephone and Telegraph Company, who received the National Institute of Social Science's gold medal award "for distinguished service to humanity." In accepting the medal, he said: "Your award to me is a recognition that business is an activity which plays an important part in the betterment of mankind."

Wilson W. Smock, general superintendent of locomotive division and Charles B. Rose, vice president of Baldwin Locomotive Works, who are looking over one of their latest creations—a locomotive with a 16-wheel tender which will have a sustained speed of 90 miles an hour with 20 Pullman cars. Engine is one of 12 to be delivered to Atlantic Coast Line Railroad.

Allen L. Woodworth, president, United Cigar-Whelan Stores Corp., who led off a nation-wide expansion program for 1938 by opening a new streamlined store in New York City. Said Mr. Woodworth: "We know the public will support well-planned new enterprises and we're going to do our share. If American business men will go out and spend money to get new business, there'll be more business."



Wilson W. Smock, Charles B. Rose



Allen L. Woodworth



## Dear Son:

Here's the check to clean up those Commencement "incidentals," and to help you carry on until you get your pay check on the first, which won't be big, but don't get discouraged. The first months will be the toughest, what with getting the straps of your business harness adjusted and squaring your theories with the real thing.

It'll be tough, too, hearing the world-savers sound off about the evils of business and how they'll fix it all hunky-dory if we give 'em a law—and the job and the salary. The difference between you and them is that you've taken off your coat and are going at it from the inside, hoping to be the big boss some day, while they're trying to get the job of bossing at the taxpayers' expense. Check me on this: the side-line boys who chant the evils of business and hallelujah their own plans either never have got their feet wet

in an actual business venture—or else tried it once and failed.

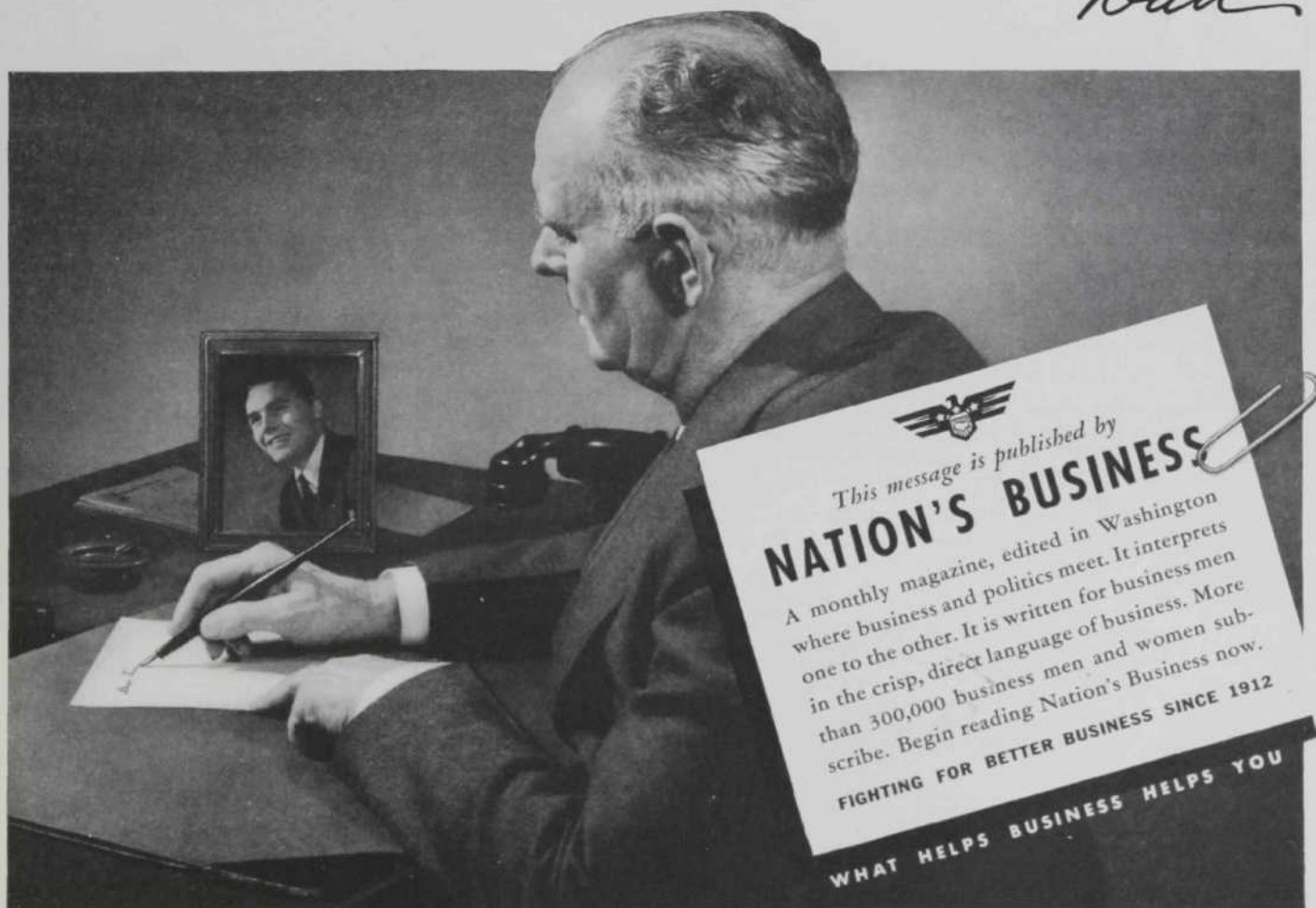
Sure, our way of doing things has its faults. But ask 'em to name another plan either from history or from their own fresh blue-print that gives better chance than the American way to youngsters like you to go to town under your own power. They'll try to duck this one—but hold 'em to it.

Business *needs* you just as much as you need business. If you're willing to pitch in and do a job, *any* job—if you've got the stuff—if you don't go haywire on some foolism, you'll help make your company a better one, with better products, more customers and with more workers on the payroll—and then you'll get your chance to fill the waste-basket instead of emptying it.

Your mother says, "Don't bet too hard on him."

Affectionately,

*Dad*



This message is published by  
**NATION'S BUSINESS**  
 A monthly magazine, edited in Washington where business and politics meet. It interprets one to the other. It is written for business men in the crisp, direct language of business. More than 300,000 business men and women subscribe. Begin reading Nation's Business now.  
**FIGHTING FOR BETTER BUSINESS SINCE 1912**  
**WHAT HELPS BUSINESS HELPS YOU**





## How Long Would It Take You To Build a Lamp Bulb?

**T**O MAKE it by hand—to dig the sand and make the glass; to blow and etch the bulb. To mine the tungsten, hammer it into a ductile wire, draw it finer than a human hair, coil it into a filament. To produce the sheet brass and shape it for the base.

Even after all the parts were made, it would take you hours to assemble them and evacuate the bulb by hand. *And yet, in less than 15 minutes, the average American workman can earn enough to buy a MAZDA lamp.* How can this be possible? It is possible for the same reason that you can, today, buy hundreds of other manufactured products that would be unobtainable if made by hand. Modern machinery, driven by electricity, has made it possible to turn out millions of products at low cost. If made by hand, few would be sold—their cost would be prohibitive. But because these products are made by machinery, millions of people can buy them, and so thousands of new jobs have been created. That is why there are 8 million factory jobs today, whereas fifty years ago there were only 4 million.

General Electric, by constantly making electricity more useful, is helping you obtain the products you want at low cost—is helping to create thousands of new jobs at higher wages.

*G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric*

# GENERAL ELECTRIC

1938—OUR SIXTIETH YEAR OF ELECTRICAL PROGRESS—1938

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## Thirst asks nothing more

Pause at a soda fountain for ice-cold Coca-Cola . . . and forget the thermometer. As you feel the touch of ice on your lips, you welcome a cool, wholesome sense of refreshment that's completely satisfying.

Drink  
*Coca-Cola*

Delicious and  
Refreshing

5¢



# How You Can Induce More People To Buy



A LOT of people will not listen to swing music and a lot more will not listen to a symphony. Some folks will not cross the street to see a ball game and others cannot be dragged to a movie. There are millions who never heard of a two-bid and millions more who never heard of a chukker.

Yet, however widely their environments and tastes may differ, Americans have one thing in common—reading the newspaper.

The newspaper is the sole medium whose primary purpose is to satisfy the basic human urge to know what happens as it happens.

It alone places within reach of all an immediate and permanent record of the fast-crowding stream of events. It alone reports the news for which people hunger and interprets it in time for them to protect their interests.

As a result, the newspaper has become the primary connecting link between the individual and the world. More than any other medium, it instills ideas about countries and cooking, diplomats and fashion . . . all the developments of modern life.

And buying ideas are no exception. Readers are accustomed by habit and preference to look for the advertising in the newspaper . . . and to act on it.

IN CHICAGO, every day of the week, the Tribune provides an assured, constant audience attracted by the Tribune's superior coverage of the news, its forthright editorial policy and its more appeal-

*Day in and day out, people turn eagerly to the newspaper. It is the primary source of their information regarding the events of the day . . . of news and comment on men and affairs that interest them and affect their welfare. It is the medium they consult every day of the year for guidance in shopping for the things they buy. As a result, it is the medium through which the advertiser can address his largest audience and implant the buying ideas which produce immediate, volume response.*

ing feature and service departments.

With more than 690,000 circulation in metropolitan Chicago, every day of the week, the Tribune penetrates into every neighborhood and suburb.

It reaches Chicago's largest, most responsive audience . . . far greater than that reached by any other medium.

Chicago retailers, who buy each day's advertising on the basis of yesterday's results, depend chiefly on Tribune space.

It is easy to get down to business with Tribune readers because they are accustomed to doing business with Tribune advertisers.

Without expensive preliminaries or masked approaches, the advertiser in the Tribune can come right out and throw the full spotlight on what he wants to sell. He can describe his product in black and white and in

full color. He can detail its features and dramatize the benefits of its use.

With knowledge of how his presentation will be delivered, he risks no loss of public esteem through inadvertent handling or indifferent delivery of his message. He can start and stop his advertising to suit his needs.

THE LIST OF PRODUCTS which have been successfully launched in the Chicago market through advertising in the Tribune is a long one. Case histories will be gladly supplied on request.

No matter what you are selling, no matter what message you wish to get over to the people of the Chicago market, you can achieve your aims at lower cost by building your program of advertising around the Tribune. Rates per 100,000 circulation are among the lowest in the country.

## Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER





## Choose Store Fronts of **BRONZE**

*Display your merchandise in a setting  
that never grows old*

The rich dignity of Bronze is unsurpassed by other metals for ornamental work on buildings. Besides, Bronze is ageless. Time and weather take their toll of most materials... but Anaconda Architectural Bronze, with occasional attention, will keep its lustre for decades to come.

That's why in fashionable shopping districts, where style, beauty, permanence and economy all count, you'll find store fronts of this stately metal. Whether it's home town's "Main Street"

or Gotham's Park Avenue, the trend is toward the appealing warmth of Bronze.

The American Brass Company is the principal supplier of architectural bronze, copper, nickel silver in the form of extruded shapes, drawn shapes, sheets, etc., for ornamental work of every description. Anyone contemplating store construction or modernization will find much of interest in our booklet, "*Bronze—the Key to Better Retailing.*" A copy will be sent free on request.

38107

*Shown above is the Paul Feldenheimer Jewelry Store, Portland, Oregon. McClelland & Jones, architects. A. V. Moore, contractor. Anaconda Architectural Bronze Work by Oregon Brass Works, Portland, Oregon.*



# Anaconda Copper & Brass

THE AMERICAN BRASS COMPANY, General Offices: WATERBURY, CONNECTICUT  
Offices and Agencies in Principal Cities • In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.



# Spirit of '38

*fall in* with the army  
of happy smokers who know  
that *Chesterfield's* milder and  
better taste *really satisfies*



# Chesterfield

... the right cigarette for  
*MORE PLEASURE*